



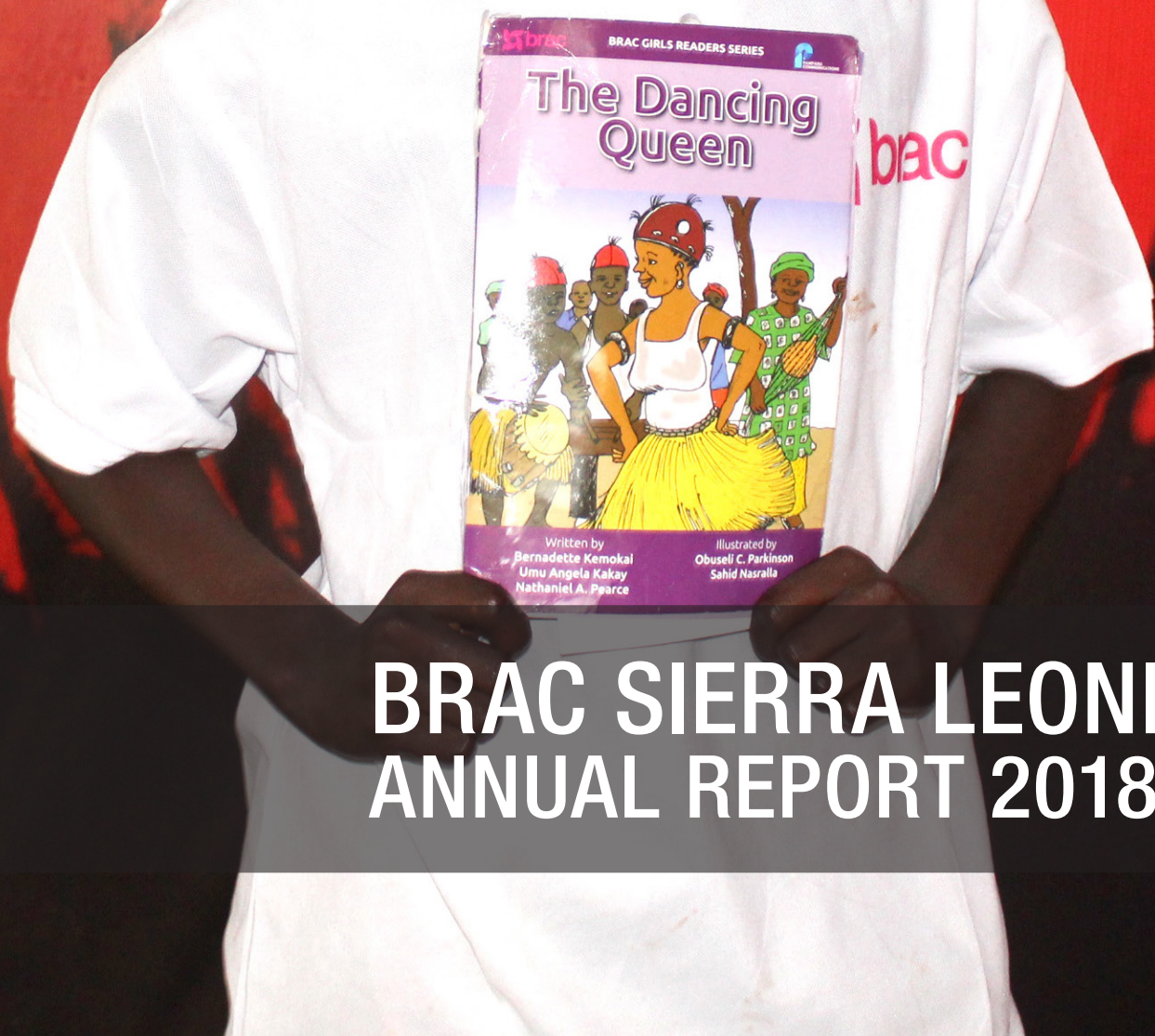
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BRAC SIERRA LEONE ANNUAL REPORT 2018

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LETTER FROM THE EXECUTIVE DIRECTOR



Gender inequity is a pervasive problem locally, nationally and globally. Not only does it affect the individual lives of both women and men, but it stunts economic growth and hinders sustainable development.

Gender gaps persist in social, economic, cultural and political spheres. Women, until today, do not have equal access to education, healthcare, decent work or representation in political and economic decision-making processes, and are often paid less than men for the same work. Out of the total number of people in the world who are illiterate, women make up 66%.

Human rights allow people to live with dignity, freedom, equality and justice. Gender equity is a fundamental human right, and an essential prerequisite to eradicating poverty and building a peaceful and sustainable world. It is why the United Nations set Sustainable Development Goal 5 as a call to achieve gender equality and empower women and girls everywhere. As an organisation working towards a more equitable future for all, we are committed to advancing our efforts in meeting this goal.

Our empowerment and livelihood for adolescents (ELA) programme socially and financially empowers teenage girls in Liberia, Nepal, Sierra Leone, Tanzania, and Uganda. 20,649 girls accessed life skills and financial literacy training in 2018. We work in countries with the highest rates of child marriage and teenage pregnancy, with a holistic combination of social awareness, life skills and mentoring giving girls a second chance at education and increasing their confidence.


When girls are socially aware of their rights, they find the confidence to assert themselves and resolve conflict.

Through our education programmes in Afghanistan, Liberia, Philippines, Tanzania, and Uganda, we helped 25,016 girls in 2018 understand that education is a necessity to avoid early marriage, poverty, and inequity.

Approximately 1.7 billion adults in the world do not have access to formal financial services, and over half of them are women, according to the World Bank. We provide households living in poverty with financial access, create self-employment opportunities, and harness the entrepreneurial skills of women. We reached around 600,000 women in six countries in Africa and Asia through our microfinance programme in 2018.

We focus on women and young people by supporting them to increase their income and improve food security and wellbeing through our agriculture, food security and livelihood programme across Africa and Asia.

We look forward to continuing on the journey to strengthen our efforts for a gender-equal world. We will reach an additional 192,000 girls by 2020 with robust livelihood training programmes that will ensure sustainable economic independence. We want to see a future where women all over the world have the opportunity to reach their full potential.


Faruque Ahmed
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



Sierra Leone has made significant progress over the past decade since the end of the decade-long civil war. BRAC in Sierra Leone contributes towards the development efforts through strategic programme interventions in Agriculture, Food Security and Livelihood, Health, Empowerment and Livelihood for Adolescents, Emergency Preparedness and Response, and Microfinance.

We have registered tremendous achievements in the implementation of our programmes across the country. Our Empowerment and Livelihood for Adolescents programme continue to provide social, economic, and educational empowerment to 4,500 vulnerable adolescent girls through 150 safe spaces in Kambia, Portloko, Moyamba and Bo districts. Learning from this project will provide the bedrock for our next phase with funding from Novo Foundation.

With funding from ECOWAS and Spanish Cooperation, we are implementing a goat value chain project with 534 beneficiaries including smallholder farmers, buck rearers, service providers and agriculture stakeholders. We partnered with Catholic Relief Services to implement a project titled “Empowering Communities for a Malaria Free Sierra Leone (New Funding Model II)”. The aim of this project is to influence a reduction in morbidity and mortality rate of malaria in the country, funded by the Global Fund. We are the largest Microfinance providers by the number of clients in Sierra Leone, operating with 33 branches in 11 districts.

In line with the BRAC Africa and Global Strategies, we have developed a new Country Strategy for the

period 2018 - 2022. This Country Strategy has considered the country development priorities set forward by the Government of Sierra Leone and its stakeholders. We will expand our existing coverage and strengthen our integrated approach to development with our programme interventions. BRAC Sierra Leone was the proud recipient of “The Most Outstanding International Non-Governmental Organization (INGO) Award” for 2018, accorded by the Sierra Leone Council of Chief Executives. We dedicate this award to our esteemed staff and beneficiaries. Our top priorities remain: Programme Quality, Fundraising, Relationship Building, Improved Communication and Visibility across the country.

We are thankful for the support from the Government of Sierra Leone, line ministries, departments and agencies, donors and other development partners. We acknowledge and thank our Advisory Council members for their valuable contribution. We look forward to strengthening our collective efforts for greater impact in the year ahead.

Sincerely,


Md. Rakibul Bari Khan
Country Representative
BRAC Sierra Leone



BUILDING A WORLD WE WANT

The idea behind Stichting BRAC International is to change systems of inequity. We act as a catalyst, creating platforms for people to realise their potential. Set up as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. The entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.



SOCIAL DEVELOPMENT

Facilitating social transformation through eight programmatic priorities: Eliminating extreme poverty, expanding financial choices, employable skills for decent work, climate change and emergencies, gender equality, universal healthcare, pro-poorurban development, investing in the next generation.



HUMANITARIAN RESPONSE

Ensuring that the most vulnerable, marginalised populations can mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises. We provided nearly 60,000 people with life-saving assistance in Myanmar, following the devastating flood in July 2018, in close collaboration with the government and other stakeholders.



SOCIAL ENTERPRISES

Solutions for social challenges and surplus for greater impact: Initiatives that engage individuals, micro and small enterprises as suppliers, producers and consumers.



BRAC BANGLADESH

We were born in Bangladesh and now we operate in 11 countries across Asia and Africa. BRAC is a global leader in developing cost-effective, evidence-based programmes, and has been ranked the #1 NGO in the world for the last four years consecutively by NGO Advisor.



AFFILIATES

BRAC USA

The North American affiliate of BRAC. BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK

The European affiliate of BRAC. BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.



VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

MISSION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realise their potential.

VALUES

INTEGRITY
INNOVATION
INCLUSIVENESS
EFFECTIVENESS



SAFEGUARDING FOR ALL

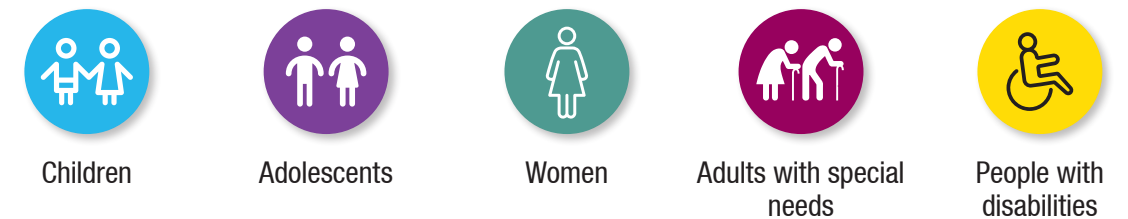
WHAT IS SAFEGUARDING?

'Safeguarding' refers to the ways of protecting individuals from any kind of misconduct or harassment including - sexual harassment, oppression, intimidation, humiliation, violence, discrimination, neglect and exploitation.

BRAC'S SAFEGUARDING POLICY IS MEANT FOR:



WHO ARE MOST PRONE TO SAFEGUARDING RISKS?



SAFEGUARDING RESPONSIBILITIES OF BRAC'S EMPLOYEES AND VOLUNTEERS

- Ensure safeguarding for everyone involved, starting from the programme design to its implementation.
- Ensure employees of all parties involved are aware of safeguarding-related issues before signing a contract with a donor and/or partner organisation.
- Verify the moral values of all applicants during recruitment.
- Develop a clear understanding of what constitutes as harassment, and share that information with others.
- Inform relevant authorities immediately upon witnessing an incident of harassment.

SAFEGUARDING IS EVERYONE'S RESPONSIBILITY



ABOUT US

STICHTING BRAC INTERNATIONAL

Set up in 2009 as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. In each of these countries, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

BRAC INTERNATIONAL HOLDINGS B.V.

Set up in 2010 as a private limited liability company under the laws of the Netherlands and is a wholly-owned subsidiary of Stichting BRAC International. It is a socially responsible for profit organisation, engaging people in economic activities, and creating sustainable income generating activities for themselves. It provides funding for the social development programmes under Stichting BRAC International. The core focus is to provide microfinance services to people who are financially constrained and marginalised, and people who do not have access to the financing facilities offered by banks and other non-bank financial institutions.

OUR AFFILIATES

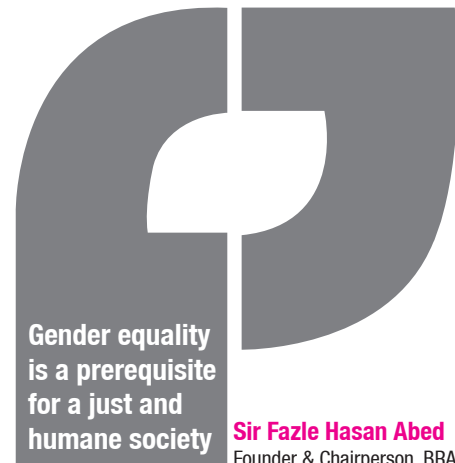
Founded in 2006 to raise our profile globally. They play a critical role building awareness, developing new business plans, mobilizing resources, and maintaining effective partnership with institutional donors, foundations, NGOs, research organisations as well as the media. They collaborate with international counterparts to design and implement cost-effective and evidence-based poverty innovations worldwide.

BRAC USA

The North American affiliate, BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK

The European affiliate, BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.



STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 JULY, 2018

MANAGEMENT BOARD



FARUQUE AHMED
EXECUTIVE DIRECTOR
BRAC International



SHAMERAN ABED
SENIOR DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International



LAMIA RASHID
DIRECTOR
Africa Region
BRAC International



M ANOWAR HOSSAIN
DIRECTOR
Asia Region
BRAC International

OTHER DIRECTORS



HANS ESKES
DIRECTOR
BRAC International Holding B.V.



DIRK BROER BOOY
SENIOR DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



MUNMUN CHOWDHURY
CHIEF PEOPLE OFFICER
BRAC International



MOUTUSHI KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International



NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International



KENNETH CAROL VAN TOLL
DIRECTOR
Fundraising
BRAC International



STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



Sir Fazle Hasan Abed KCMG
Founder and Chairperson

Stichting BRAC International Supervisory Board BRAC International Holdings B.V. Supervisory Board

Sir Fazle was born in 1936 in Bangladesh. He studied Accountancy in London, qualifying as a Cost Management Accountant in 1962. While he was working as a senior corporate executive at Pakistan Shell, the 1970 cyclone and 1971 Liberation War in Bangladesh dramatically changed the direction of his life. He left his job and moved to London, where he helped initiate Action Bangladesh and HELP Bangladesh in support of the Liberation War.

Early in 1972, after the war was over, he returned to the newly-independent Bangladesh, finding the economy in ruins. The return of 10 million refugees, who had sought shelter in India during the war, called for urgent relief and rehabilitation efforts. Sir Fazle established BRAC to address the needs of refugees in a remote area of north-eastern Bangladesh, guided by a desire to help the poor develop their own capacity to better manage their lives.

Today BRAC is one of the largest NGOs in the world, operating across eleven countries in Africa and Asia. Its primary objectives are to alleviate poverty and empower the poor. In 2019, for the fourth consecutive year, BRAC was ranked first among the world's top 500 NGOs by Geneva-based 'NGO Advisor' in terms of impact, innovation and sustainability.

Sir Fazle has been honoured with numerous national and international awards for his achievements in leading BRAC, including the LEGO Prize (2018), Laudato Si' Award (2017), Jose Edgardo Campos Collaborative Leadership Award, South Asia Region (2016), Thomas Francis, Jr. Medal in Global Public Health (2016), World Food Prize (2015), Trust Women Hero Award (2014), Spanish Order of Civil Merit (2014), Leo Tolstoy International Gold Medal (2014), CEU Open Society Prize (2013), Inaugural WISE Prize for Education (2011), Entrepreneur for the World Award (2009), David Rockefeller Bridging Leadership Award (2008), Inaugural Clinton Global Citizen Award (2007), Henry R. Kravis Prize in Leadership (2007), Palli Karma Shahayak Foundation (PKSF) Award for lifetime achievement in social development and poverty alleviation (2007), UNDP Mahbubul Haq Award for Outstanding Contribution to Human Development (2004), Gates Award for Global Health (2004), Gleitsman Foundation International Activist Award (2003), Schwab Foundation's Social Entrepreneurship Award (2003), Olof Palme Prize (2001), InterAction Humanitarian Award (1998) and Ramon Magsaysay Award for Community Leadership (1980).

He is also recognised by Ashoka as one of the 'global greats' and is a founding member of its prestigious Global Academy for Social Entrepreneurship. He was a member of the Commission on Health Research for Development (1987-90), the Independent South Asian Commission on Poverty Alleviation (1991-92) and the High-level Commission on Legal Empowerment of the Poor (2005-2008). In 2009, he was appointed Knight Commander of the Most Distinguished Order of St. Michael and St. George by the British Crown in recognition of his services to reducing poverty in Bangladesh and internationally. Sir Fazle was a member of the Group of Eminent Persons appointed by the UN Secretary-General in 2010 to advise on support for the Least Developed Countries. In 2014 and 2017, he was named in Fortune Magazine's List of the World's 50 Greatest Leaders.

The many honorary degrees received by Sir Fazle Hasan Abed include those from Princeton University (2014), the University of Oxford (2009), Columbia University (2008) and Yale University (2007). He was a visiting scholar at Harvard University in 1981.



Sylvia Borren
Vice Chair

Stichting BRAC International Supervisory Board BRAC International Holdings B.V. Supervisory Board

Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women's history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



Dr Debapriya Bhattacharya
Member

Stichting BRAC International Supervisory Board

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh - a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



Shabana Azmi
Member

Stichting BRAC International Supervisory Board

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for best actress.

She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to The Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.



Shafiqul Hassan
Member

Stichting BRAC International Supervisory Board

Shafiqul Hassan is the managing director of Echo Sourcing Limited UK and Echotex Limited Bangladesh. Echotex received Bangladesh's National Environmental Award, Metropolitan Chamber of Commerce and Industry, Dhaka's Environmental Award, and J Sainsbury plc's Corporate Social Responsibility Award in 2010. Echotex was also awarded Best Clothing Supplier in 2011 as well as Best Clothing Supplier and Supplier of the Year in 2012 by J Sainsbury plc.

Mr Hassan co-founded a premium clothing label called Ninety Percent, launched in 2018, that shares ninety percent of its distributed profits between social and environmental causes, along with the people who are involved in making the clothes. He is the co-founder of Children's Hope, an NGO that works to educate slum children in Dhaka.

He obtained his undergraduate degree from City University, London and postgraduate degrees from Aston University, Birmingham, UK.



Irene Khan
Member

Stichting BRAC International Supervisory Board

Irene Zubaida Khan is director general of the International Development Law Organization (IDLO). The first woman to hold this office, she took up her position on January 1, 2012.

An international thought leader on human rights, gender, and social justice issues, Ms Khan was secretary general of Amnesty International from 2001 to 2009. Prior to that, she worked for the UN High Commissioner for Refugees for 21 years at headquarters and in various field operations. She was visiting professor at the State University of New York Law School (Buffalo) in 2011.

Irene sits on the boards of several international human rights and development organisations. She is the recipient of numerous honorary degrees and prestigious awards, including the City of Sydney Peace Prize in 2006 for her work to end violence against women and girls. Her book, The Unheard Truth: Poverty and Human Rights, has been translated into seven languages.

Born in Bangladesh, Ms Khan studied law at the University of Manchester and Harvard Law School.



Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh

Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananyinna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.



Stichting BRAC International Supervisory Board

Dr Mushtaque Chowdhury is a professor of population and family health at Columbia University's Mailman School of Public Health, New York and has worked as a MacArthur/Bell Fellow at Harvard University.

Dr Chowdhury is one of the founding members of the Bangladesh Education Watch and Bangladesh Health Watch. He is on the board and committees of several organisations and initiatives, including the Advisory Boards of the London School of Economics' South Asia Centre and the Lead Group for Scaling Up Nutrition Movement at the UN. He is a founding member of the Board of Trustees of the Humanitarian Leadership Academy in London and is the chair of the Asia-Pacific Action Alliance on Human Resources for Health (AAAHH). Dr Chowdhury is also a member of the Technical Advisory Committee of Compact2025 at International Food Policy Research Institute (IFPRI), Expert Group on scaling up in Education at the Results for Development (R4D), and Leaders Group of Sanitation and Water for ALL (SWA) at Unicef Headquarters. He is also a senior adviser at the Bangladesh Institute of Development Studies (BIDS).

Dr Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by former UN Secretary General Kofi Annan.

Dr Chowdhury has received a number of awards, including Humanitarian Award from the Distressed Children International at Yale University in 2013, the Medical Award of Excellence from Ronald McDonald House Charities in USA in 2017, and the Most Impactful Book Award from the University Press Limited in 2018.

Dr Chowdhury has published several books and over 200 articles in peer-reviewed international journals, including the The Lancet, Journal of International Development, and The Scientific American.

Dr Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics, and a BA from the University of Dhaka.



Stichting BRAC International Supervisory Board

Dr Fawzia Nazli Rasheed is a programme and governance analyst. She has worked within 30 countries to evaluate and develop initiatives, national plans, and broker intergovernmental collaborations and public private partnerships. As Senior Policy Adviser at separate junctures to the World Health Organisation, UNAIDS, and The Global Fund, she undertook organisational reforms and developed strategic plans. She has also supported programme development in Asia and Africa for several INGOs, including CARE International, and Médecins Sans Frontières International.

She is currently Senior Advisor to the Aga Khan Development Network and a technical review panel member for AmplifyChange.

Her governance work includes conceptualising a performance-based funding system to strengthen country oversight for all programmes of The Global Fund; developing the Electoral Integrity Initiative (currently based within the Kofi Annan Foundation); and analysis of governance issues related to natural resource extraction for the Africa Progress Panel towards improved stewardship and banking reforms. As a board member/trustee of organisations, she has drafted constitutions and deployed anonymous, transparent tools for board elections and evaluations.

Dr Rasheed has a PhD in immunology/medicine from the London School of Hygiene and Tropical Medicine.



Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.

**GROUP FINANCE AND
AUDIT COMMITTEE**

Composition of the present finance and audit committee is as follows:

- Ms. Parveen Mahmud, Chair
Dr Muhammad Musa, Member
Ms. Sylvia Borren, Member
Mr. Faruque Ahmed, Member
Mr. Hans Eskes, Member
Mr. Abhijit Gupta, Acting Secretary of the Committee

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal auditfunction



SIERRA LEONE GOVERNANCE AND MANAGEMENT

BRAC SIERRA LEONE NGO

Mr. Faruque Ahmed Chair
Ms. Lamia Rashid Director

BRAC SIERRA LEONE MICROFINANCE LIMITED

Local Board Members

| | |
|---|--------|
| Mr. Faruque Ahmed | Chair |
| Mr. Shameran Abed | Member |
| Mr. Hans Eskes (Apointed 22nd June, 2018) | Member |
| Ms. Lamia Rashid (Resigned 22nd June, 2018) | Member |
| Mr. Saif Md. Imran Siddique (Resigned 12th September, 2018) | Member |
| Mr. Rakibul Bari Khan | Member |

COUNTRY ADVISORY COUNCIL

Members

Mr. Joe Robert Pemagbi
Dr. Aisha Fofana Ibrahim
Mr. Sonkita Conteh

MANAGEMENT

| | |
|-----------------------|--|
| Md. Rakibul Bari Khan | Country Representative & Managing Director Microfinace |
| Sheik Muzam | Programme Manager , Microfinance |
| Victor Kamara | Proposal Development & Fundraising Manager |
| Edwin Worneh Jarfoi | Head of Human Resources & Training |
| Prince Momoh | Head of Finance |
| Md. Monoarul Islam | Programme Manager, Food Security and Livelihood |
| Dr. Regena Kain | Programme Manager Health |
| Jenneh Gbao | Empowerment and Livelihood for Adolescents |
| Akhter Hossain Miah | Head of Internal Audit |



DEVELOPMENT PARTNERS





AGRICULTURE, FOOD SECURITY AND LIVELIHOOD

SITUATION

The agriculture sector in Sierra Leone employs over 60% of the labor force, and makes a 60% contribution to the nation's Gross Domestic Product (GDP). Rice and cassava are staple foods, while cocoa, coffee, oil palm, and cashew nuts are the major cash crops. The agricultural sector is constrained by several factors including lack of labour, inputs, and post-harvest losses.

Around 58% of the people live in rural areas and practices traditional and environmentally degrading farming techniques. Yields remain low even relative to other sub-Saharan African countries. This situation has greatly contributed towards the high rates of malnutrition and food insecurity in the country; around 46% of child-deaths are attributed to malnutrition.

OUR INTERVENTION

BRAC Sierra Leone Agriculture, Food Security and Livelihood (AFSL) programme focuses on improving food and nutrition security and empowering women and youth across the value chain.

We put emphasis on the production of biofortified crops, such as Orange Flesh Sweet Potato (OFSP) and Vitamin A-fortified yellow cassava. Additionally, we are implementing a sustainable goat value chain, established seed multiplication farms, and promote the production of improved rice and maize.

We operate through "village nutrition committees" to combat malnutrition and reintroduce a culture of consuming nutrient-rich food. We currently operate seed testing and multiplication farms in Kerefay and Magbafth, in Port Loko district. These farms produce rice, maize, cassava, groundnut, and pineapple seeds.

MOVING FORWARD

We will focus on high impact products and innovations, including increased use of technology in agriculture and financial services. We intend to explore new varieties and capacitate more farmers, especially females. We will build stronger partnerships to promote the benefits of our products.



HIGHLIGHTS

200 community agriculture promoters trained.

200 community livestock and poultry promoters trained.

2,108 poultry and livestock farmers supported with training and farm inputs.

25,535 Farmers received seed, fertilizers, and training.

506,400 chickens were vaccinated.

Targeted **100** farmers from **5** communities and supported them with 39,000 pieces of vain (22 bags) and 3,000 pieces of cuttings.

Distributed **26** metric ton of mixed food to **180** extreme poor community farmers (**50%** women) to ensure food security in lean season (June – August).

A KNIGHT IN SHINING ARMOUR

I am Kadiatu Gomoh, a 49 year old widow with three children. I have grown up seeing my elders involved in farming and burning charcoals. Like many other villages in the south, most people in Senehun-Bandajuma lack basic skills in rearing animals, especially goats. This situation led me to petty trading and local poultry rearing to support my family.

In September 2018, I found out from community members about BRAC Sierra Leone's ECOWAS Project called "General Goat farmers" initiative. I was very interested in learning more. The project was searching for women who were vulnerable, lived with disability, teenage-mothers, pregnant, lactating-mothers, and widows.

Me and 11 other women who fall within the selection criteria were identified to participate in the programme. We received in-depth information on the project's ultimate aim through a two-day training, organized by BRAC Sierra Leone. I found the training very helpful and remarkable. It was my first ever training on agriculture, especially on goat-rearing. I gained many ideas on best-practices of farming.

After the successful completion of the training, I started constructing goat sheds, which showed my willingness and commitment for goat-rearing. By the end of the month, I received my first goat from BRAC Sierra Leone. It was like a dream, I was very excited and happy thinking of the benefits I envisaged.

Today, I am hopeful of survival and sustainability. I am looking forward to additional goats, in the near future I see myself as a renowned goat farmer and a role model to other vulnerable women in my community.





EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS

SITUATION

Sierra Leone has one of the highest rates of teenage pregnancy in the world. The problem results from the country's post-conflict context, in which teenage girls face social exclusion, discrimination, and poverty.

Early marriage, violence, economic vulnerability, and lack of access to proper healthcare and education prevent healthy transitions to adulthood. 39% of Sierra Leonean girls are married before the age of 18, and almost half of all married women face violence from their partners. Even though educating girls has huge benefits for health, prosperity and security, only 52% of Sierra Leonean girls aged 15-24 are literate.

OUR INTERVENTION

BRAC Sierra Leone's Empowerment and Livelihood for Adolescents (ELA) programme entails a holistic approach in ending girls' vulnerability. Our dynamic approach focuses on supporting adolescents in claiming their rights, dignity, self-esteem, and productivity through capacity building and life skills training. We focus on those who dropped out of schools and at the risk of early marriage and pregnancy.

The ELA programme is currently being implemented in four districts, Port Loko, Kambia, Moyamba, and Bo. Our ELA programme has 150 safe spaces in 150 communities to aware girls on issues such as early marriage, teenage pregnancy, gender based-violence, and provide entrepreneurship training and credit support. We create safe spaces for girls aged 10-21, where they can learn and talk freely.

MOVING FORWARD

Strengthening our partnership with stakeholders at community and national levels will be one of our key areas of focus. We will construct more safe spaces and intervene in more communities. We will continue to empower young people to become youth voices and make independent health decisions, live productive lives, contribute to reduced early marriage, teenage pregnancy, and Gender-Based Violence (GBV).



HIGHLIGHTS

4,300 ELA club members.

Established 150 safe spaces in 150 communities.

Trained 706 out of school adolescent girls within four districts.

Upon successful completion of the skills training, 302 adolescents received their start-up-kits.

Conducted a 2 day refresher Training-of-Trainers session for the project's staff.

15 Social enterprises were established for 89 adolescents that received livelihood training.

35 out of school girls from 10 ELA clubs within 4 districts have been re-enrolled in schools.

BEING AN EXAMPLE IS LEADERSHIP

I am Fatmata Kanu. I am 16 years old and I currently attend the Roman Catholic Secondary School Port Loko district. Me and some of my friends in Kamem Community found out about the ELA programme early 2017.

After I joined the programme in March 2017, I was very committed and interested in the sessions. After 8 months as a club member, I was appointed to serve as a Mentor due to my hard work and diligence.

I am currently mentoring one of the most vibrant and largest ELA clubs in Port Loko district, which has 26 club members. Our club was awarded the "Best Performing ELA Club," for 2017 and 2018, two years in a row!

Through the ELA programme, me and other Mentors were trained on various forms of livelihood skills and entrepreneurial and financial literacy skills. Which has helped us in overcoming complex and interrelated factors that contribute towards vulnerabilities. We learned about teenage pregnancy, early marriage, the importance of contraceptives, amongst many others.

I believe, these trainings create awareness and contribute towards the reduction of teenage pregnancies and other negative factors which affect young women. Being an ELA club Mentor has transformed my life, many young women in my community look up to me as not just a mentor, but also as a role model.





EMERGENCY PREPAREDNESS AND RESPONSE

SITUATION

Sierra Leone is rated as one of the most disaster-prone countries in West Africa, facing a multitude of risks stemming from flooding, droughts, windstorms, landslides, diseases, population density, and climate change to name only a few. The deadly Ebola outbreak, the August 2017 landslide in Freetown, and 13 other disasters led to an estimated USD 30 million in economic losses, claimed more than 5,000 lives, and affected more than 90,000 individuals.

With people struggling to stay afloat in flood water and bridges and pathways completely destroyed, with potential outbreaks of cholera and other water-borne diseases, Sierra Leone's response efforts require millions of dollars to address the direct losses.

OUR INTERVENTION

Through our Emergency Preparedness and Response Programme (EPRP), we are building local emergency preparedness and response capacities in schools, communities, local governments, and our country offices.

With funding from Bill & Melinda Gates Foundation, the EPRP is a pilot project targeting both urban (Portee/Rokupa community) and rural (Rogbere-Port Loko district) settings. We collaborate with the Disaster Management Department of the Office of National Security (ONS), Port Loko District Council (PLDC), Ministry of Education, UNDP, and other stakeholders. With a focus on inclusive disaster risk management, the project's overarching aim is to build an ultimate culture of resilience in both urban and rural Sierra Leone.

MOVING FORWARD

We will continue to work alongside communities, local governments, and other stakeholders to build a culture of disaster preparedness and resilience. To further enhance effective and efficient implementation of the project, we intend to coordinate with the Office of National Security and the Freetown City Council to develop a national strategic Emergency Preparedness and Response plan.



THE GREATEST WEALTH

I am Zainab S Bangur. I am twenty-six years old and currently pursuing a BSc in Social Works at the East Freetown International College (EFICO).

I live in Portee Rokupa community, a very densely populated area with frequent occurrence of flooding, wild-fire, and rock-fall disasters. When I heard about a project that was going to train groups of people on preparedness and emergency response, I was very interested to enroll. I want my family to be safe in the community we live in.

I joined BRAC Sierra Leone's Emergency Preparedness and Response programme in 2017 with an aim of giving back to my community. I believe I am one of the most dedicated and energetic community volunteers at Portee Rokupa community. Through the programme, me and other community volunteers were trained on basics of Environmental Sanitation and Hygiene, Search and Rescue, and First Aid procedure in cases of emergencies.

I believe, I have been very instrumental in ensuring the uptake and practice of our learnings. This is not just an opportunity to give back to my community, but also an opportunity to inspire and learn from others.

Being a community volunteer for BRAC's Emergency Preparedness and Response Programme is one of the best decisions I have ever made, because giving back to my community is something I have always wanted to do.

HIGHLIGHTS

Trained **70** participants on disaster, risk, and vulnerability assessment.

Trained **60** Community Disaster Management Volunteers (23 women and 37 men) on disaster preparedness and response training.

Formed **2** Disaster Management Clubs/Committees, with **32** members in each club and **2** focal teachers.

Orientated **72** School Disaster Management Committee members.

124 participants were trained on basic fundamentals/techniques in First-Aid response and search & Rescue.

180 Staff trained on emergency response and security risk management.



SITUATION

Sierra Leone has the highest maternal and under-5 mortality rates in the world with 108.31 deaths per thousand live births. Most deaths within the country are attributed to nutritional deficiencies, lack of access to clean water, pneumonia, diarrheal diseases, anemia, malaria, tuberculosis, and HIV/AIDS. Malaria remains a serious public health challenge causing morbidity and mortality. Since the Ebola outbreak people rejected hospitals for any sort of care, especially for childbirth. Hence maternal mortality rates are increasing every year.

OUR INTERVENTION

BRAC Sierra Leone Health programme entails the formation and training of Community Health Clubs and School Health Clubs. Community Health Promoters (CHPs) are trained for community engagement and sensitization sessions at schools and communities using prescribed key messages.

Our CHPs act as frontliners in promoting healthcare services to ensure efficiency and effectiveness of the programme. With funds from Global Fund, through Catholic Relief Services (CRS), we are currently implementing the “Global Fund-MALARIA New Funding Model II” project in Pujehun, Moyamba, Kenema, Bonthe, Western areas, rural areas, and urban districts. We have Community Health Clubs with 9500 members, and 360 School Health Clubs with 3600 members in seven districts to empower communities for a Malaria free Sierra Leone.

MOVING FORWARD

We intend to scale-up our project and ensure we reach out to other vulnerable communities. In a bid to further enhance efficiency and effectiveness, we're looking forward to increasing the number of School Health Clubs.



WE RISE BY LIFTING OTHERS

I am Mohamed Koroma. A 38 year old trained and qualified teacher and a Community Health Worker (CHW) at Bongay Community, Pujehun District. I have been a CHW for 9 years, due to the dedication and my service I was appointed to serve as the Chairman for CHWs in my community. I am currently leading one of the most vibrant CHW teams in Pujehun district.

Over the years, I have attended various capacity building training sessions, such as Malaria Prevention & Control and Environmental Sanitation and Hygiene. Our team also engages in rigorous community engagement and awareness on the 5-key Malaria messages - i) I Sleep under insecticide mosquito net, ii) Visit the nearest health facility for prompt treatment, iii) Pregnant women should visit the ANC at least 3 times during their pregnancy, iv) Testing before treatment, v) Environmental Sanitation & Hygiene. We also create awareness on other negative social practices which affect pregnant women, lactating mothers, and care-givers of under-5 children.

BRAC Sierra Leone's Health programme intervention has significantly contributed towards a reduction on the malaria infection rate in my community, which was initially identified as one of the “high burden” communities in the district. Recently we succeeded in convincing the community stakeholders to enforce the practice of regular cleaning exercise and promote environmental sanitation & hygiene. We have also set up tippy-taps in specific areas to promote hand-washing.

So far, there has been a dramatic reduction on malaria infection rate in my community and I strongly believe this transformation is being influenced by our team of dedicated CHWs.

HIGHLIGHTS

506 Community Health Promoters trained.

9500 members in Community Health Clubs and **3600** members in 360 School Health Clubs.

Selected **500** participants who were trained as Malaria Positive Deviants (PDs) from approximately **150** communities.

50 community participants were engaged on a 2-day training to serve as Malaria Ambassadors in the prevention and control of malaria in Pujehun district.



MICROFINANCE

SITUATION

Sierra Leone has made significant progress over the past decade in terms of post-conflict recovery. Growth in financial inclusion started after the Ebola crisis, but not significant enough to keep up with population growth. Financial access is extremely low, with 3.1 million adults unbanked and only 15% of women with a transaction account.

Sierra Leone remains among the world's least developed countries with over 60% of the population living below USD 1.25 a day. Around 58% of people live in rural areas with limited access to financial services. More than 85% of the population are unable to access credit from formal financial institutions, thus a combination of factors is holding back the economic recovery of the country.

OUR INTERVENTION

BRAC Sierra Leone started the Microfinance programme in 2008 to provide financial services to people with limited access to formal financial institutions. We are the largest microfinance providers by the number of clients in Sierra Leone, operating with 33 branches in 11 districts.

We offer two main products - individual microloans for women delivered through groups, and enterprise loans targeting both male and female small-scale entrepreneurs. Individual microloans from women ranges from \$100 to \$800 and enterprise loans range from \$700 to \$10,000.

MOVING FORWARD

We are working towards strengthening our products and building linkages between communities and state actors. We will continue to financially empower more rural people in hard to reach areas.



IF YOU NEVER QUIT, YOU CAN ONLY WIN

I am Marie Tarawally, I am 42 years old and live with two of my children in Bo District. I dropped out of school at a very young age due to lack of financial support from my family. I chose to get married and I become a full-time housewife. Being a housewife taught me a lot of lessons. I realized that my husband's income was not sufficient to support the family and our home was not a happy one. I started to think about starting a business to support my family. However, the main constraint was the lack of capital.

One day, I went to visit my sister-in-law in another community and then I got to know about BRAC Sierra Leone Microfinance loan schemes. I was very interested to take loans from them. I researched and learned that the BRAC office at Kande Town has an existing group, where people from my community can join.

I applied for a loan at BRAC Kande Town Branch in Bo and my proposal was approved. My first loan was 300,000 Leones (USD 33) for setting up my business. I started selling garri (cassava flakes) at New London Junction. Selling garri was really competitive, as it was very common among most of the street vendors. However, I was able to overcome this challenge by being exceptionally warm and friendly towards my customers.

After successfully repaying all the loans I had taken, I recently took my 9th loan of 4,500,000 Leones (USD 500). BRAC Microfinance programme has greatly contributed towards my business and personal development. From a garri selling street vendor, I have now become a grocery store owner. I am grateful to BRAC for providing me with economic empowerment and positive transformation.

HIGHLIGHTS

96% of the clients we serve are women.

33 branches with **45,870** borrowers, an increase of **22%** from 2017.

57,937 Microfinance borrowers, **4,357** SEP borrowers, and **225** ELA borrowers.

Total disbursement of **USD 13.23** million, an increase of **56%** from 2017.

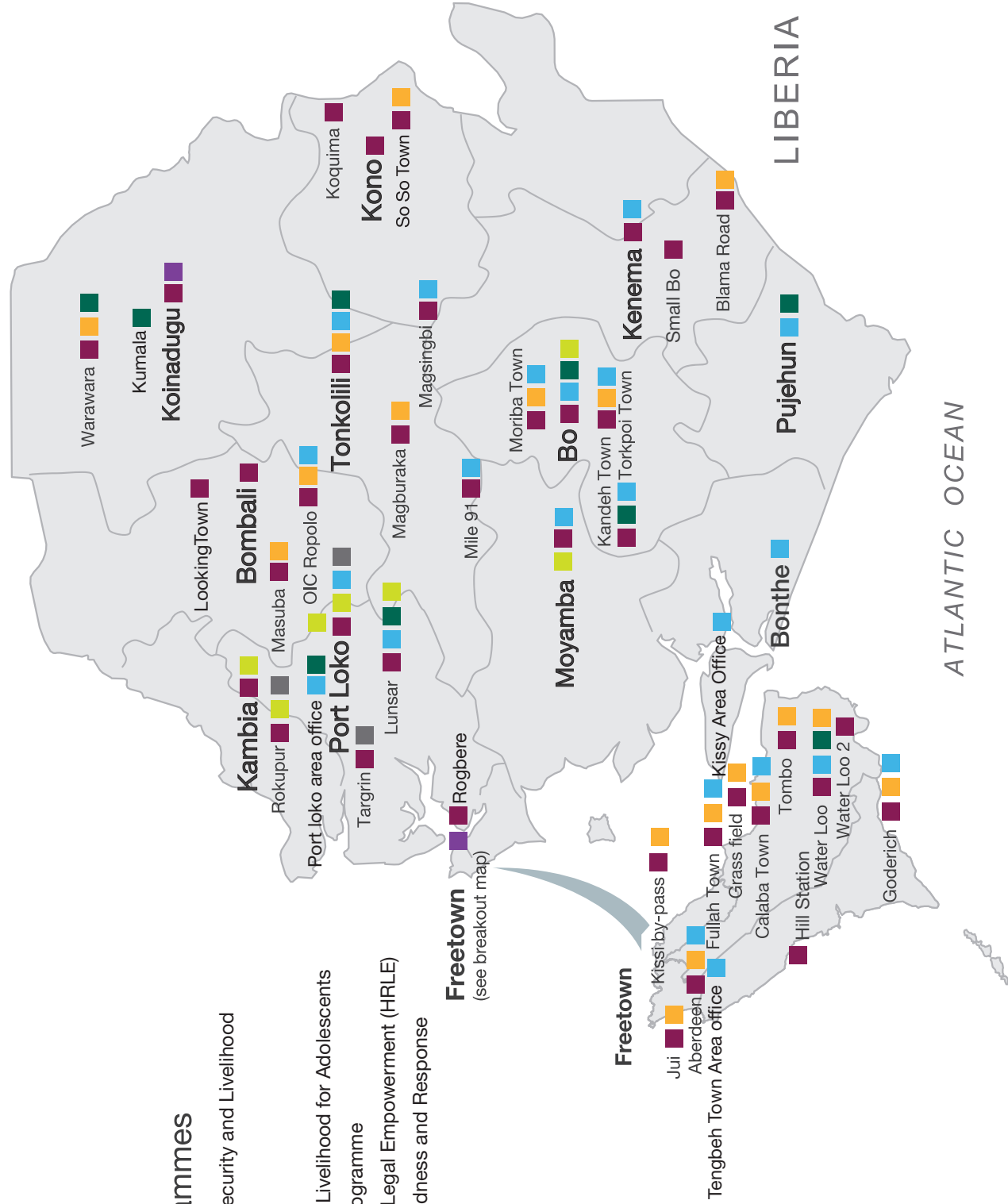
USD 7.63 million was disbursed in microfinance loans, and **USD 2.89** million was disbursed in SEP loan.





Branch Programmes

- Agriculture, Food Security and Livelihood
- Health
- Microfinance
- Empowerment and Livelihood for Adolescents
- Small Enterprise Programme
- Human Rights and Legal Empowerment (HRLE)
- Emergency Preparedness and Response



FINANCIALS

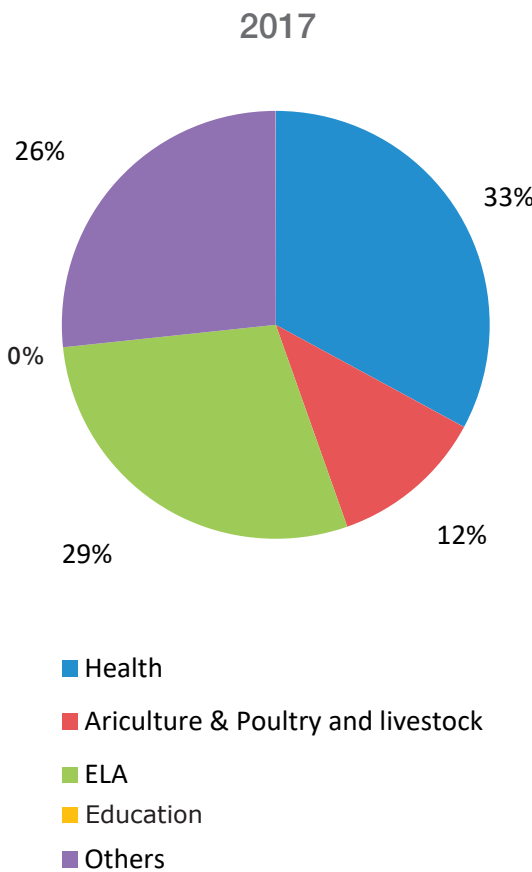
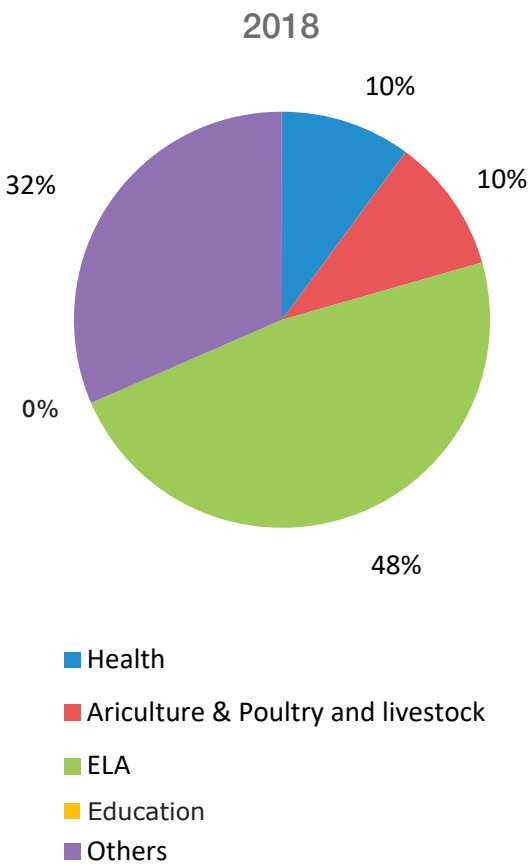
Financial Highlights – NGO

BRAC Sierra Leone received USD 1,046,094 as grants compared to USD 1,503,921 in 2017. Total Project expenses for the year were increased by 9% to USD 1,356,339. Out of the total expenses Novo Foundation, WFP and Global Fund hold the majority of the portion. About 77% of total expenditure has been used for program services.

Total Equity as at 31 December 2018 stands at USD (441,347) compared to USD 87,894 in 2017.

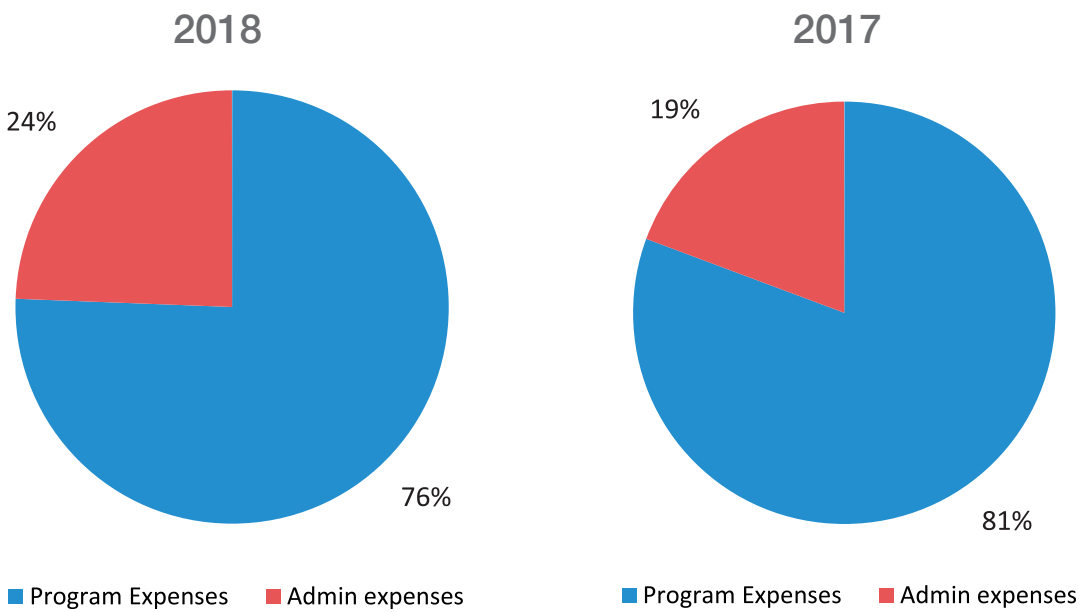
Program Cost by Nature of Programme (in USD)

| Programme | 2018 | % | Year 2017 | % |
|------------------------------------|-----------|------|-----------|------|
| | USD | | USD | |
| Health | 137,222 | 10% | 407,949 | 33% |
| Ariculture & Poultry and livestock | 141,566 | 10% | 144,720 | 12% |
| ELA | 649,719 | 48% | 356,342 | 29% |
| Education | - | | - | 0% |
| Others | 427,832 | 32% | 330,664 | 27% |
| Total | 1,356,339 | 100% | 1,239,675 | 100% |



Program Cost by Nature of Expenses (in USD)

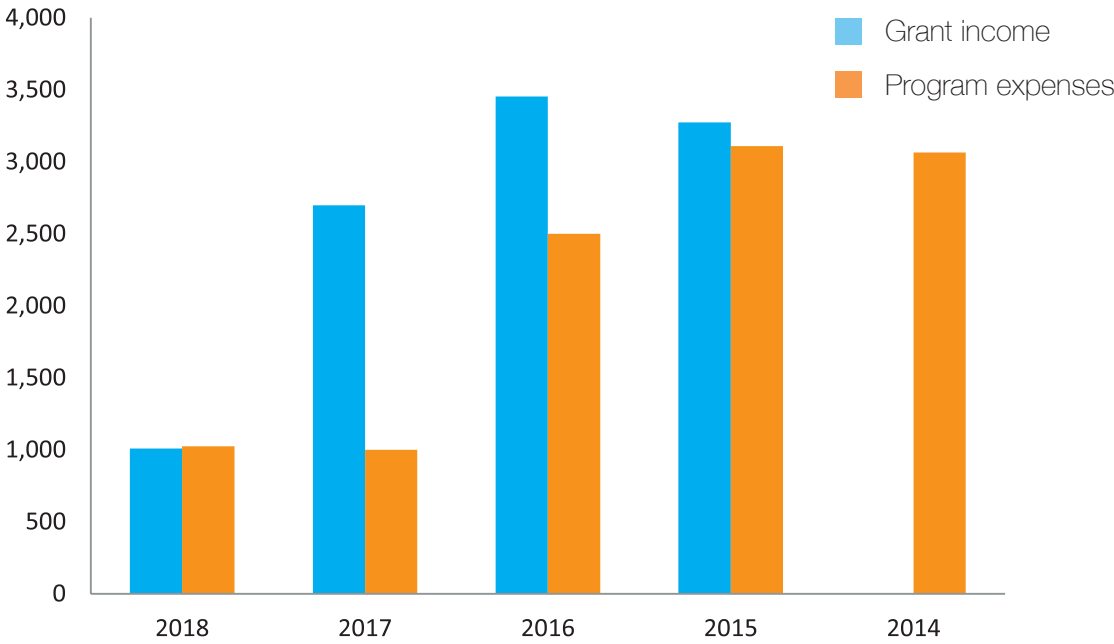
| Expenses | 2018 | % | 2017 | % |
|------------------|-----------|------|-----------|------|
| | USD | | USD | |
| Program Expenses | 1,025,621 | 76% | 1,000,333 | 81% |
| Admin expenses | 330,718 | 24% | 239,342 | 19% |
| Total | 1,356,339 | 100% | 1,239,675 | 100% |



PERFORMANCE REVIEW (IN USD):

| Currency | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| | USD | USD | USD | USD | USD |
| Income Statement | | | | | |
| Grant Income | 1,014,486 | 1,010,070 | 2,699,059 | 3,454,000 | 3,273,000 |
| Other Income | - | - | - | 105,000 | 82,000 |
| Program Expenses | 1,025,621 | 1,000,333 | 2,500,310 | 3,109,920 | 3,064,000 |
| Admin expenses | 330,718 | 239,342 | 302,326 | 424,080 | 385,000 |
| Financial Position | | | | | |
| Net Equity | (441,347) | 87,894 | (37,056) | 127,000 | 130,000 |
| Cash at Bank | 252,246 | 589,043 | 512,209 | 593,000 | 553,000 |
| Operational Statistics | | | | | |
| Number of Projects | 6 | 7 | 13 | 21 | 17 |

Grant Income and Expenses in Thousand USD



Last five years Grant used as income vs. Program expenses (in'000 USD)

Contribution to exchequer:

| | 2018 | 2017 |
|-----------------------------|---------|---------|
| | USD | USD |
| Withholding tax | 142,537 | 101,777 |
| Social Security and pension | 16,114 | 10,728 |
| Total | 158,650 | 112,505 |

FINANCIAL HIGHLIGHTS – MICROFINANCE

Net Income

In 2018 BRAC Microfinance (SL) Limited maintained its profit trend and posted Profit before tax was USD 1,234,733 as against USD 689,000 (2017). Interest income has increased by 39% due to growth in loan disbursement by 41%.

Operating expenses

Total operating expenses for the year was USD 2,073,361 as compared to USD 1,797,079 in 2017 showing an increase of 15% from previous year.

Provisions for Impairment losses

This year amount charged for impairment on loans was USD 164,460 as against USD 145,441 in 2017, showing an increase by 13%. This is due to increase of overdue loans. Portfolio at Risk (PAR>30) is 2.27% as to 3.67% in 2017. Total reserve for impairment was USD 168,433 in 2018 compared to 255,172 in 2017, representing 2.42% of Gross portfolio.

Financial Position

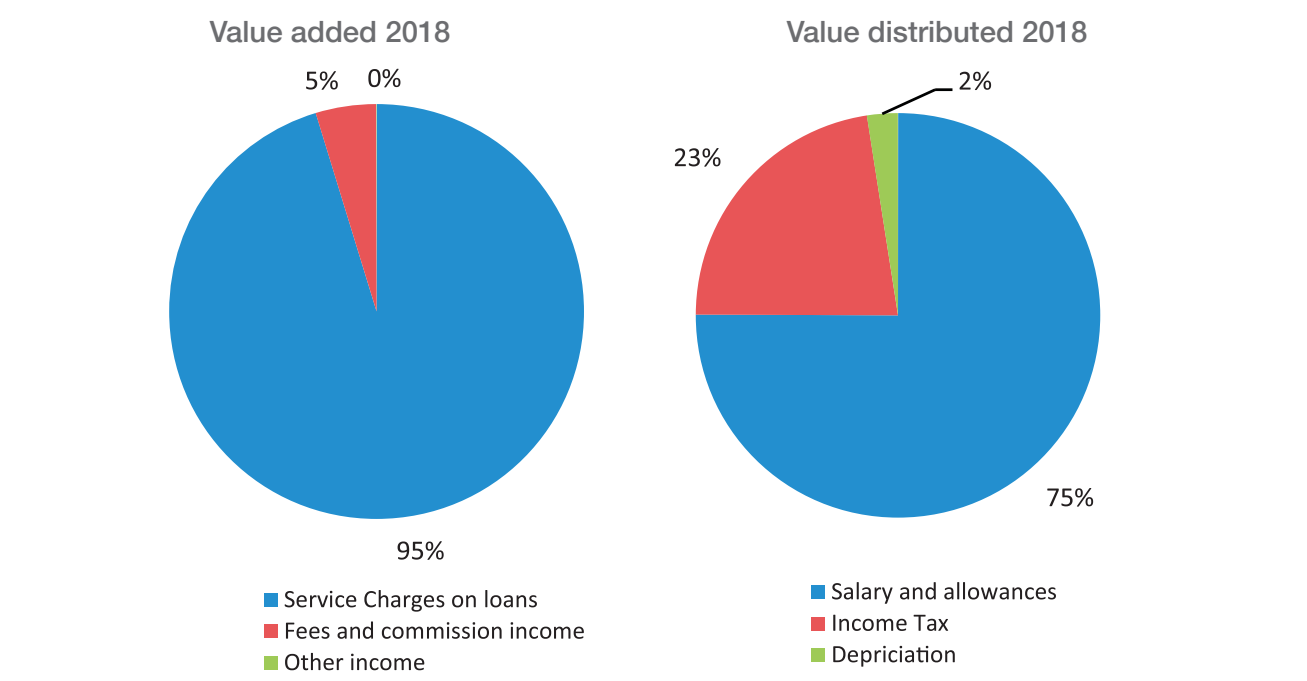
In 2018, BRAC Microfinance (SL) Limited's total assets increased by 23.23% to USD 7,826,106. The increase is mainly due to growth of loan portfolio which has been increased by 38% to USD 6,773,112

VALUE ADDED STATEMENTS

A value added statement provides a detail information of the total addition and distribution of value created by the organization. BRAC Microfinance (SL) Limited contributes positively to overall economic development by empowering the poor people (specially women) through micro-credit, employees through the payment of salaries and allowances and by assisting the local regulatory authorities through paying taxes and of course keeping in mind of organization's growth.

| Figures in (USD) | 2018 | | 2017 | |
|------------------------------|-----------|------|-----------|------|
| | Amount | % | Amount | % |
| Service Charges on loans | 3,307,743 | 135% | 2,376,507 | 143% |
| Fees and commission income | 163,803 | 7% | 113,755 | 7% |
| Other income | 1,008 | 0% | 42,213 | 3% |
| Other operating expense | (854,987) | -35% | (726,740) | -44% |
| Loan prov. (doubtful losses) | (164,460) | -7% | (145,441) | -9% |
| Total | 2,453,107 | 100% | 1,660,294 | 100% |

| Value Distributed | 2018 | | 2017 | |
|--------------------------|------------------|-------------|------------------|-------------|
| | Amount | % | Amount | % |
| Employees | | | | |
| Salary and allowances | 1,237,193 | 50% | 1,067,409 | 61% |
| Local Authorities | | | | |
| Income Tax | 370,322 | 15% | (342,767) | -20% |
| Depreciation | 40,562 | 2% | 25,370 | 1% |
| Growth | | | | |
| Retained income | 805,031 | 33% | 1,007,272 | 57% |
| Total | 2,453,107 | 100% | 1,757,284 | 100% |



Contribution to Government Exchequer

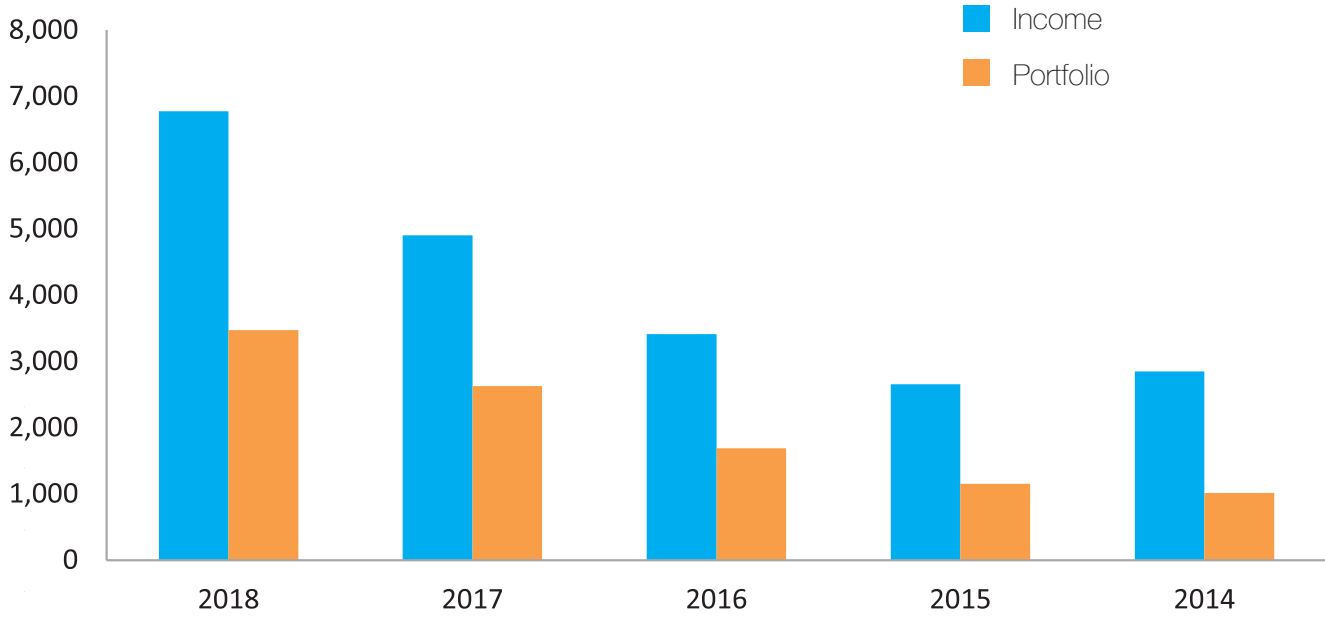
| | 2018 | 2017 |
|-----------------------------|----------------|------------------|
| | USD | USD |
| Income Tax | 370,322 | (342,767) |
| Withholding tax | 119,847 | 78,317 |
| Social Security and pension | 50,929 | (26,648) |
| Total | 541,099 | (237,801) |

FIVE YEAR PERFORMANCE REVIEW

| Currency | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| | USD | USD | USD | USD | USD |
| Income Statement | | | | | |
| Operating Income | 3,472,554 | 2,629,465 | 1,688,407 | 1,153,000 | 1,013,000 |
| Net profit/(loss) before tax | 1,234,733 | 686,946 | 170,343 | (443,000) | (410,000) |
| Total Expenditure | 2,608,143 | 1,964,960 | 1,563,060 | 1,722,000 | 1,438,460 |
| Financial Position | | | | | |
| Total assets | 7,826,106 | 6,350,796 | 4,536,481 | 3,291,000 | 3,895,000 |
| Net Equity | 5,110,760 | 4,108,594 | 2,708,079 | 1,440,000 | 2,151,000 |
| Loans to customers (net) | 6,773,112 | 4,903,221 | 3,412,031 | 2,656,000 | 2,848,000 |
| Cash at Bank | 661,185 | 673,376 | 826,252 | 346,000 | 705,000 |
| Returns and ratio | | | | | |
| Return on Asset | 16% | 11% | 4% | -13% | -11% |
| Cost to income | 75% | 75% | 93% | 149% | 142% |
| Operational Statistics | | | | | |
| Total Borrowers | 45,870 | 37,615 | 35,377 | 24,815 | 23,339 |
| PAR>30 | 2.27% | 3.67% | 5.77% | 10.16% | 5.52% |

ANNUAL INCOME AND PORTFOLIO

in Thousand USD



Last five years income vs. portfolio (in'000 USD)

BRAC IN SIERRA LEONE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

BRAC SIERRA LEONE

GENERAL INFORMATION

General Information

| | | | | |
|--------------------|---|------------------------|---|---|
| Board of Directors | : | Dr. A M R Chowdhury | - | Chairperson (Resigned on 18 December 2018) |
| | | Mr. Faruque Ahmed | - | Chairperson (Appointed on 18 December 2018) |
| | | Mr. Shib Narayan Kairy | - | Member (Resigned on 18 December 2018) |
| | | Ms. Lamia Rashid | - | Member (Appointed on 18 December 2018) |

Office

:

BRAC Sierra Leone
174 Wilkinson Road
Freetown
Sierra Leone

Project Coordinator

:

BRAC Sierra Leone

Bankers

:

Standard Chartered Bank
First International Bank

Auditors

:


Baker Tilly SL
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown

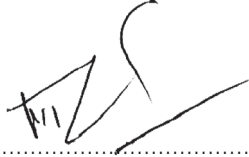
Management’s Responsibility Statement

The Directors’ are responsible for the preparation and presentation of these financial statements, which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information, on the basis of accounting policies described in note 3 of the financial statements; and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement whether due to fraud and error.


Approval of the financial statements

The financial statements, as indicated above, were approved by management and signed on its behalf by:


.....
Head of Finance


.....
Country Representative


.....
Director


.....
Director



Baker Tilly Sierra Leone
Baker Tilly house
37 Siaka Stevens Street
P.O Box 100
Freetown
Sierra Leone
Telephone: + (232) 30-444-100

Independent Auditors’ Report to the Board of Directors
of BRAC Sierra Leone

Opinion

We have audited the financial statements of BRAC Sierra Leone which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 22.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Sierra Leone as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Organisation as stated in note 3 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

A Member Firm of the Baker Tilly Worldwide Network of Independent Accounting Firms
Executive Chairman: Raymond M. Davies, Managing Partner L. Kawaley
Partners: Isiaka A. Balogun, Agnes N. Sawyerr

Independent Auditors' Report to the Board of Directors
of BRAC Sierra Leone (continued)

Auditors' responsibility for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report to the Board of Directors
of BRAC Sierra Leone (continued)

Auditors' responsibility for the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Organisation's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 of the financial statements, for the purpose of determining the financial position of BRAC Sierra Leone for use by its management, BRAC and other donors, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the management of BRAC Sierra Leone of 174 Wilkinson Road, Freetown and should not be distributed to or used by parties other than the management of BRAC Sierra Leone, BRAC and other donors.

The engagement partner on the audit resulting in this independent auditors' report is Derrick Kawaley.

Freetown

Baker Tilly
Chartered Accountants

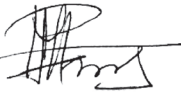
Date: 28 March 2019


Statement of Financial Position

As at 31 December

| In thousands of Leones/ USD | Notes | SLL | USD |
|---|-------|--------------------|------------------|
| | | 2018 | 2017 |
| Assets | | | |
| Non-Current Assets | | | |
| Property and Equipment | 9 | 315,433 | 585,773 |
| Total non-current assets | | 315,433 | 585,773 |
| Current Assets | | | |
| Cash and Cash Equivalents | 10 | 2,131,479 | 4,506,177 |
| Other assets | 11 | 567,203 | 1,829,349 |
| Total current asset | | 2,698,682 | 6,335,526 |
| Total assets | | 3,014,115 | 6,921,299 |
| Liabilities and capital fund | | | |
| Current liabilities | | | |
| Other Payables | 13 | 1,105,600 | 690,153 |
| Related Party Payables | 15 | 5,637,895 | 5,558,758 |
| Total current liabilities | | 6,743,495 | 6,248,911 |
| Capital Fund | | | |
| Donor Funds | 12 | 3,617,531 | 4,999,160 |
| Retained Surplus | | (7,346,911) | (4,326,772) |
| Total capital fund | | (3,729,380) | 672,388 |
| Total liabilities and capital fund | | 3,014,115 | 6,921,299 |

These financial statements were approved by the Board of Directors on 28 March 2019


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Head of Finance


.....
Director


.....
Country Representative


.....
Director

The notes on pages 44 to 60 are an integral part of these financial statements

Statement of Comprehensive Income

For the year ended 31 December 2018

| In thousands of Leones / USD | Notes | SLL | USD |
|--|-------|---------------------|--------------------|
| | | 2018 | 2017 |
| Income | | | |
| Grant income | 4 | 8,572,409 | 7,704,355 |
| BRAC Contribution | | - | 22,680 |
| Total income | | 8,572,409 | 7,727,035 |
| Expenditure | | | |
| Staff costs and other benefits | 5 | (3,771,780) | (3,934,674) |
| Other general & administrative expenses | 6 | (5,221,429) | (3,282,710) |
| Training, Workshops & Seminars | 7 | (2,034,223) | (1,623,048) |
| Occupancy expenses | 8 | (264,010) | (460,386) |
| Depreciation | 9 | (169,623) | (182,696) |
| Total Expenditure | | (11,461,065) | (9,483,514) |
| Operating deficit | | (2,888,656) | (1,756,479) |
| Other comprehensive income | | | |
| Foreign exchange (Loss)/gain- Unrealized | | (131,483) | (80,818) |
| Total comprehensive income | | (3,020,139) | (1,837,297) |

These financial statements were approved by the Board of Directors on 28 March 2019


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Head of Finance


.....
Director


.....
Country Representative


.....
Director

The notes on pages 44 to 60 are an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2018

| In thousands of Leones / USD | Donor Funds | Retained Surplus | Total Capital Fund | Total Capital Fund |
|----------------------------------|-------------|------------------|--------------------|--------------------|
| | SLL | SLL | SLL | USD |
| At 1 January 2018 | 4,999,160 | (4,326,772) | 672,387 | 87 |
| (Donor Fund increase/(decrease | (1,381,629) | - | (1,381,628) | (164) |
| Surplus for the year | - | (3,020,139) | (3,020,139) | (356) |
| Effect of translation difference | - | - | - | (7) |
| As at 31 December 2018 | 3,617,531 | (7,346,911) | (3,729,380) | (440) |
| | ===== | ===== | ===== | ===== |
| As at 1 January 2017 | 2,215,260 | (2,489,475) | (274,216) | (36) |
| (Donor Fund increase/(decrease | 2,783,900 | - | 2,783,900 | 364 |
| Surplus for the year | - | (1,837,297) | (1,837,297) | (240) |
| Effect of translation difference | - | - | - | (1) |
| As at 31 December 2017 | 4,999,160 | (4,326,772) | 672,387 | 87 |
| | ===== | ===== | ===== | ===== |

The notes on pages 44 to 60 are an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 December

| | | SLL | USD | |
|--|-------|-------------|-------------|-------|
| In thousands of Leones / USD | Notes | 2018 | 2017 | 2018 |
| | | | | 2017 |
| Net cash provided by/(used in) Operating Activities | 14 | (944,552) | (1,990,149) | (112) |
| | | | | (260) |
| Cash flow from Investing Activities | | | | |
| Acquisition of property & equipment | | (48,517) | (77,918) | (6) |
| Proceeds from disposal | | - | - | - |
| Net cash used in Investing Activities | | (48,517) | (77,918) | (6) |
| | | | | (10) |
| Cash flow from Financing Activities | | | | |
| Increase/(decrease) in deferred income | | 6,246 | 6,137 | 1 |
| Increase/(decrease) in grants received in advance | | (1,387,874) | 2,777,764 | (164) |
| Net cash provided by/(used in) Financing Activities | | (1,381,628) | 2,783,901 | (163) |
| | | | | 364 |
| Net (decrease)/increase in cash and cash equivalents | | (2,374,697) | 715,834 | (281) |
| | | | | 94 |
| Cash and cash bank balances at 1 January | | 4,506,176 | 3,790,343 | 589 |
| Convenience Translation Adjustment | | - | - | (55) |
| Cash and cash equivalents at end of the year | 10 | 2,131,479 | 4,506,177 | 253 |
| | | ===== | ===== | ===== |
| | | | | ===== |

The notes on pages 44 to 60 are an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

BRAC Sierra Leone is a Non-governmental organization which was registered with the Ministry of Development and Economic Planning on the 5 June 2008. The address of the organisation's registered office is 174 Wilkinson Road, Freetown. It is the Sierra Leone arm of international NGO Stitching BRAC International.

BRAC Sierra Leone's principal activities are the provision of health services, education, agriculture, livestock and legal empowerment programs. They are presently operating in the western area and some parts of the Northern Province.

2. Basis of preparation

Basis of measurement

The financial statements have been prepared on the historical cost basis, using the accruals concept.

Functional and presentation currency

These financial statements are presented in Leones which is the organsiation's functional currency. All financial information presented in Leones has been rounded up to the nearest thousand.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the respective functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in statement of income and expenditure.

Notes to the financial statements (continued)

Significant accounting policies (continued)

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

| | Rates | Useful life |
|------------------------|-------|-------------|
| Motor vehicles/Cycles | 20% | Years 5 |
| Computer equipment | 20% | Years 5 |
| Furniture and fittings | 10% | Years 10 |
| Equipment | 15% | Years 6.7 |

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(iii) Disposals

Gains or losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less the cost of dismantling selling and re-establishing the assets and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or external expenses respectively.

(c) Investments

If the organisation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the organisation from classifying investment securities as held-to-maturity for the current and the following two financial years.

(d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and unrestricted balances with banks that are used by the organisation in the management of its short-term commitments.

(e) Employee benefits

Defined contribution plan

The organisation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administrated funds. A defined contribution is a pension plan under which the company pays fixed contribution into the separate entity. The organisation has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees' service in the current and prior period.

(f) Donor grants

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, donor grants are for the funding of projects and programs and for these grants income is recognized to equate to expenditure incurred on projects and programs. For donor grants which involve funding for fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned.

All donor grants received are initially recorded as liabilities in grants received in advanced account. For grants utilized to purchase fixed assets, the donor grants are transferred to deferred income accounts whilst for grants utilized to reimburse program-related expenditure, the amounts are recognized as income.

Notes to the financial statements (continued)

Significant accounting policies (continued)

(g) Grant income

This represent amount released from deferred income and grant received in advance account and reported as income for the period.

(h) Other income

Other income comprises foreign exchange gains and bank interest.

(i) Self Insurance Fund

BRAC Sierra Leone sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute a self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, up to 50 months' equivalent of basic salary for 10th year of employment onwards.

(j) Segmental reporting

The organisation operates in only one economic environment – Sierra Leone and does not consider that reporting by business segment will lead to a clearer understanding of the financial statements. However, a project wise income and expenditures statement has been shown in note 21.

(k) Staff costs

Staff costs comprise of salaries and allowances of administrative staff and project employees, social security contribution and other related expenses.

(l) Training costs

Training costs comprise of trainings, workshops and seminars of both program staffs and beneficiaries.

(m) Administrative expenses

Administrative expenses comprise expenses relating to administrative and management, including office expenses, depreciation as well as other indirect costs.

(n) Income tax expense

The organisation is exempt from paying taxes.

Notes to the financial statements (continued)

4. Grant income

| | SLL | | USD | |
|--|------------------|------------------|--------------|--------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Grant Income (Grant received in advance) | 8,559,228 | 7,656,201 | 1,013 | 1,001 |
| Grant income (Deferred grant for fixed assets) | 13,181 | 48,154 | 2 | 6 |
| BRAC Contribution | - | 22,680 | - | 3 |
| | <u>8,572,409</u> | <u>7,727,035</u> | <u>1,015</u> | <u>1,010</u> |
| | ===== | ===== | ===== | ===== |

5. Staff cost and other benefit

| | SLL | | USD | |
|----------------------------|------------------|------------------|------------|------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Salaries | 3,291,726 | 3,469,937 | 390 | 454 |
| NASSIT Contribution | 85,776 | 82,073 | 10 | 11 |
| Staff Bonus | 94,504 | 88,198 | 11 | 12 |
| Severance allowance | 106,988 | 133,416 | 13 | 17 |
| Medical Expenses | 163,387 | 138,760 | 19 | 18 |
| Staff insurance | 29,399 | 22,290 | 3 | 2 |
| | <u>3,771,780</u> | <u>3,934,674</u> | <u>446</u> | <u>514</u> |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

6. Other general and administrative expenses

| | SLL | | USD | |
|----------------------------------|------------------|------------------|------------|------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Audit fees | 70,185 | 68,850 | 8 | 9 |
| Stationery & Supplies | 135,173 | 127,339 | 16 | 17 |
| Maintenance and general expenses | 409,959 | 310,923 | 49 | 53 |
| Loss on fixed asset write off | 145,607 | - | 17 | - |
| Monitoring and Evaluation | 96,549 | 128,258 | 11 | 17 |
| Program supplies | 3,110,326 | 1,934,568 | 368 | 241 |
| Travel and transportation | 1,188,813 | 666,559 | 141 | 87 |
| HO logistic expenses | 64,817 | 46,213 | 8 | 5 |
| | <u>5,221,429</u> | <u>3,282,710</u> | <u>618</u> | <u>429</u> |
| | ===== | ===== | ===== | ===== |

7. Training, workshop and seminars

| | SLL | | USD | |
|----------------------------|------------------|------------------|------------|------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Staff Training | 3,510 | 13,654 | - | 2 |
| External member trainings | 2,030,713 | 1,609,394 | 240 | 210 |
| | <u>2,034,223</u> | <u>1,623,048</u> | <u>240</u> | <u>212</u> |
| | ===== | ===== | ===== | ===== |

8. Occupancy expenses

| | SLL | | USD | |
|----------------------------|----------------|----------------|-----------|-----------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2018 |
| Rent and utilities | 264,010 | 460,386 | 31 | 60 |
| | <u>264,010</u> | <u>460,386</u> | <u>31</u> | <u>60</u> |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

9. Property and equipment

| | Furniture & Fixtures | Plant & Machinery | Motor Vehicles | Total | Total |
|---------------------------------|----------------------|-------------------|----------------|-----------|-------|
| In thousands of Leones/USD | SLL | SLL | SLL | SLL | USD |
| Cost | | | | | |
| At 1 January 2018 | 403,843 | 606,729 | 480,708 | 1,491,280 | 195 |
| Additions | 9,727 | 38,790 | - | 48,517 | 6 |
| Disposal | (287,170) | (335,722) | (40,890) | (663,782) | (79) |
| Translation difference | - | - | - | - | (18) |
| | | | | | |
| As at 31 December 2018 | 126,400 | 309,797 | 439,818 | 876,015 | 104 |
| | ===== | ===== | ===== | ===== | ===== |
| At 1 January 2017 | 384,316 | 548,338 | 480,708 | 1,413,362 | 185 |
| Additions | 19,527 | 58,391 | - | 77,918 | 10 |
| Disposal | - | - | - | - | - |
| Translation difference | - | - | - | - | - |
| | | | | | |
| At 31 December 2017 | 403,843 | 606,729 | 480,708 | 1,491,280 | 195 |
| | ===== | ===== | ===== | ===== | ===== |
| Accumulated depreciation | | | | | |
| At 1 January 2018 | 195,418 | 409,561 | 300,528 | 905,507 | 118 |
| Charge for the year | 34,295 | 50,717 | 84,611 | 169,623 | 20 |
| Disposal | (167,918) | (309,428) | (37,202) | (514,548) | (61) |
| Translation difference | - | - | - | - | (11) |
| | | | | | |
| At 31 December 2018 | 61,795 | 150,850 | 347,937 | 560,582 | 66 |
| | ===== | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

9. Property and equipment (continued)

| | Furniture & Fixtures | Plant & Machinery | Motor Vehicles | Total | Total |
|----------------------------|----------------------|-------------------|----------------|---------|-------|
| In thousands of Leones/USD | SLL | SLL | SLL | SLL | USD |
| At 1 January 2017 | 158,480 | 354,935 | 209,396 | 722,811 | 94 |
| Charge for the year | 36,938 | 54,626 | 91,132 | 182,696 | 24 |
| Translation difference | - | - | - | - | |
| | | | | | |
| As at 31 December 2017 | 195,418 | 409,561 | 300,528 | 905,507 | 118 |
| | ===== | ===== | ===== | ===== | ===== |
| Net book Value: | | | | | |
| At 31 December 2018 | 64,605 | 158,947 | 91,881 | 315,433 | 38 |
| | ===== | ===== | ===== | ===== | ===== |
| As at 31 December 2017 | 208,425 | 197,168 | 180,180 | 585,773 | 77 |
| | ===== | ===== | ===== | ===== | ===== |

10. Cash and bank balances

| In thousands of Leones/USD | SLL | USD |
|----------------------------|-----------|-----------|
| | 2018 | 2017 |
| Cash at Bank | 2,084,847 | 4,488,537 |
| Cash in hand | 46,632 | 17,640 |
| | | |
| | 2,131,479 | 4,506,177 |
| | ===== | ===== |

Notes to the financial statements (continued)

10.1 Name of bank and balance

| | SLL | | USD | |
|--|-----------|-----------|-------|-------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Standard Chartered Bank (SL) Ltd | 557,971 | 3,970,379 | 66 | 519 |
| Standard Chartered Bank (SL) Ltd (USD A/C) | 936,510 | | 111 | |
| First International Bank(USD) | 379,184 | | 45 | |
| Marampa Masimera Community Bank | 9,498 | 2,379 | 1 | |
| Rokel Commercial Bank | 22,382 | 197 | 3 | |
| First International Bank | 132,855 | 502,178 | 16 | 66 |
| Union Trust Bank | 45,600 | 3,831 | 5 | 1 |
| Sierra Leone Commercial Bank | 846 | 9,573 | - | 1 |
| | | | | |
| | 2,084,847 | 4,488,537 | 247 | 587 |
| | ===== | ===== | ===== | ===== |

11. Other assets

| | SLL | | USD | |
|----------------------------|---------|-----------|-------|-------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Current account in transit | - | 792,831 | - | 104 |
| Advance to 3rd party | 322,227 | 505,244 | 38 | 66 |
| Receivable from donors | 244,976 | 531,274 | 29 | 69 |
| | | | | |
| | 567,203 | 1,829,349 | 67 | 239 |
| | ===== | ===== | ===== | ===== |

12. Donor funds

| | SLL | | USD | |
|--|-----------|-----------|-------|-------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Donor funds received in advance | 2,867,779 | 4,255,654 | 340 | 556 |
| Donor funds investment in fixed assets | 749,752 | 743,506 | 89 | 97 |
| | | | | |
| | 3,617,531 | 4,999,160 | 429 | 653 |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

12.1 Donor fund received in advance

| | SLL | | USD | |
|--|-------------|-------------|---------|---------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 4,255,654 | 1,477,890 | 556 | 193 |
| Donations received during the year (14.01a) | 7,477,078 | 11,504,995 | 1,046 | 1,504 |
| Adjustment for donation receivable | (531,273) | (1,548,013) | (63) | (202) |
| Transferred to deferred investment in fixed assets | (19,427) | (54,290) | (2) | (7) |
| Transferred to statement of income and expenses | (8,559,228) | (7,656,201) | (1,013) | (1,001) |
| Fluctuation adjustment | - | - | (213) | - |
| | | | | |
| | 2,622,804 | 3,724,381 | 311 | 487 |
| Donor fund receivable | 244,976 | 531,273 | 29 | 69 |
| | | | | |
| Closing balance | 2,867,780 | 4,255,654 | 340 | 556 |
| | ===== | ===== | ===== | ===== |

12.2 Donation received during the year

| | SLL | | USD | |
|---|-----------|------------|-------|-------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| WFP (IVS) 2017 | 181,894 | 509,951 | 24 | 67 |
| WFP (IVS) 2018 | 1,149,386 | - | 136 | - |
| BRAC USA(DECC) | - | 803,824 | - | 105 |
| Comic Relief | 143,097 | 1,235,234 | 17 | 161 |
| Oxfam (DFID)-Ebola | - | 215,713 | - | 28 |
| NOVO Foundation (ELA) | 4,318,632 | 4,347,582 | 563 | 568 |
| BRAC USA (ELA Life skill content development) | - | 535,791 | - | 70 |
| BRAC UK (DEC) | - | 800,825 | - | 105 |
| BRAC UK (Pig Rearing) | 208,038 | 682,215 | 33 | 89 |
| CRS (Malaria Phase-3) | 610,516 | 1,723,059 | 171 | 225 |
| ECOWAS | 843,441 | - | 100 | - |
| BRAC USA (ELA - Research) | - | 650,803 | - | 85 |
| BRAC USA (Health) | 22,074 | - | 3 | - |
| | | | | |
| | 7,477,078 | 11,504,997 | 1,047 | 1,503 |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

12.3 Donor funds investment in fixed assets

| | SLL | | USD | |
|--|----------------|----------------|-----------|-----------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 743,506 | 737,370 | 88 | 96 |
| Transferred from donor funds received in advance | 19,427 | 54,290 | 2 | 7 |
| Depreciation charged during the year | (13,181) | (48,154) | (2) | (6) |
| | <u>749,752</u> | <u>743,506</u> | <u>88</u> | <u>97</u> |
| | ===== | ===== | ===== | ===== |

13. Other payables

| | SLL | | USD | |
|--------------------------------|------------------|----------------|------------|-----------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Outstanding Liabilities | 508,854 | 236,515 | 60 | 31 |
| Audit fee provision | 58,305 | 68,850 | 7 | 9 |
| Bonus provision | 19,984 | 94,757 | 2 | 12 |
| Self-insurance provision | 52,698 | 44,478 | 6 | 6 |
| Provision for Medical Benefit | 261,926 | 136,083 | 31 | 19 |
| Provision for Leave Encashment | - | - | - | - |
| Severance allowance provision | 203,833 | 109,470 | 24 | 14 |
| Withholding tax provision | - | - | - | - |
| | <u>1,105,600</u> | <u>690,153</u> | <u>130</u> | <u>91</u> |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

14. Cash flow from operating activities

| | SLL | | USD | |
|---|--------------------|--------------------|--------------|--------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Excess of income over expenditure | (3,020,139) | (1,837,297) | (357) | (240) |
| Depreciation | 169,623 | 182,696 | 20 | 24 |
| Written off | 149,234 | - | 18 | - |
| | <u>(2,701,282)</u> | <u>(1,654,601)</u> | <u>(319)</u> | <u>(216)</u> |
| Cash flow before changes in working capital | | | | |
| Changes in working capital | | | | |
| Changes in other assets | 1,262,146 | 450,560 | 149 | 59 |
| Changes in other payables | 415,447 | (816,027) | 49 | (107) |
| Changes in Related party payables | 79,137 | 29,919 | 9 | 4 |
| | <u>(944,552)</u> | <u>(1,990,149)</u> | <u>(112)</u> | <u>(260)</u> |
| Net cash used in operating activities | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

15. Related party

The organisation has a related party relationship with Stichting BRAC International and BRAC Bangladesh which provides management and administrative service to the organization. The orgainsation also does inter office transactions with BRAC Microfinance.

Year-end balance arising from transactions with related party

| | SLL | | USD | |
|---|------------------|------------------|------------|------------|
| In thousands of Leones/USD | 2018 | 2017 | 2018 | 2017 |
| Payable to Stichting BRAC International | 565,572 | 512,095 | 67 | 67 |
| Payable to BRAC Bangladesh | 4,972,994 | 4,539,482 | 589 | 593 |
| Payable to BRAC Microfinance (SL) Limited | 99,329 | 507,181 | 12 | 67 |
| | <u>5,637,895</u> | <u>5,558,758</u> | <u>668</u> | <u>727</u> |
| | ===== | ===== | ===== | ===== |

Exchange rate used for the period:

| | 2018 | 2017 |
|-------------------------|----------|----------|
| Average Rate: 1USD= SLL | 8,120.00 | 7,586.67 |
| Closing Rate: 1USD=SLL | 8,450.00 | 7,650.00 |

16. Contingent liabilities

There were no contingent liabilities at the financial position date. (2017: Nil)

17. Capital commitments

There were no capital commitments at the financial position date. (2017: Nil)

18. Post balance sheet events

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. As at the date of signing this set of financial statements, there were no material post balance sheet events.

BRAC Sierra Leone
STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2018

16. Project wise Income and Expenditures statement (SLL)

| Country office | Research & Evaluation | Total | CRS Malaria Phase-3 | WFP-IVS | Novo Foundation-USA-ELA | Emergency Preparedness (EPP) | BRAC USA - ELA Research | ECOWAS | Total |
|--|-----------------------|-------------|---------------------|-----------|-------------------------|------------------------------|-------------------------|--------|-------------|
| SLL | SLL | SLL | SLL | SLL | SLL | SLL | SLL | | SLL |
| INCOME | | | | | | | | | |
| Grant income (Grant received in advance) | - | - | 1,158,169 | 1,138,525 | 5,479,869 | 724,961 | - | 57,705 | 8,559,229 |
| Grant income (Deferred grant for fixed assets) | - | - | 1,358 | - | 10,260 | 1,563 | - | - | 13,181 |
| TOTAL INCOME | - | - | 1,159,527 | 1,138,525 | 5,490,129 | 726,524 | - | 57,705 | 8,572,410 |
| EXPENDITURE | | | | | | | | | |
| Salaries | 399,998 | 1,700,012 | 149,932 | 332,084 | 819,109 | 280,217 | - | 10,372 | 3,291,726 |
| Staff insurance | 74 | 4,446 | 540 | 484 | 22,817 | 1,044 | - | 68 | 29,399 |
| Medical Expenses | 1,191 | 103,329 | 12,233 | 6,413 | 29,911 | 11,021 | - | 480 | 163,387 |
| NASSIT Contribution | 43,685 | 44,361 | 5,863 | 5,578 | 22,634 | 6,863 | - | 477 | 85,776 |
| Staff Bonus | 14,089 | 36,593 | 4,498 | 10,560 | 19,929 | 7,041 | - | 1,795 | 94,505 |
| Severance allowance | 56,908 | 843 | 7,883 | 6,123 | 27,752 | 7,479 | - | - | 106,988 |
| Training, workshops and seminars | 16,242 | 16,242 | 494,705 | - | 1,480,629 | 38,704 | - | 3,943 | 2,034,223 |
| Occupancy Expenses | - | - | 9,678 | - | 200,782 | 27,956 | - | 25,593 | 264,009 |
| Audit fees | 36,285 | 36,285 | 10,500 | - | 23,400 | - | - | - | 70,185 |
| Stationery & Supplies | 48,681 | 48,681 | 85,852 | - | - | 490 | - | 150 | 135,173 |
| Loss on fixed asset write off | 141,457 | 141,457 | - | - | 4,150 | - | - | - | 145,607 |
| Maintenance and general expenses | (389,824) | 64,031 | 43,789 | 35,514 | 225,661 | 38,746 | - | 2,218 | 409,959 |
| Monitoring and Evaluation | - | 96,549 | - | - | - | - | - | - | 96,549 |
| Program supplies | 27,493 | 156,773 | - | 572,637 | 2,183,722 | 197,194 | - | - | 3,110,326 |
| Travel and transportation | 240,353 | 272,284 | 277,544 | 94,648 | 423,522 | 108,206 | - | 12,608 | 1,188,812 |
| HO logistic expenses | (64,817) | (64,817) | 55,151 | 74,483 | - | - | - | - | 64,817 |
| Depreciation | 156,851 | 160,592 | 1,358 | - | 6,110 | 1,563 | - | - | 169,623 |
| TOTAL EXPENSES | 2,600,108 | 2,888,658 | 1,159,526 | 1,138,524 | 5,490,128 | 726,524 | - | 57,704 | 11,461,065 |
| Net surplus/ (loss) | (2,600,108) | (2,888,658) | - | 1 | 1 | - | - | - | (2,888,655) |
| Foreign exchange (Loss)/gain- Unrealized | (131,483) | (131,483) | - | - | - | - | - | - | (131,483) |
| NET SURPLUS/(LOSS) FOR THE YEAR | (2,731,591) | (288,548) | - | 1 | 1 | - | - | - | (3,020,139) |

16. Project wise Income and Expenditures statement (USD)

| Country office | Research & Evaluation | Total | CRS Malaria Phase-3 | WFP-IVS | Novo Foundation-USA-ELA | Emergency Preparedness (EPP) | BRAC USA - ELA Research | BRAC USA - ELA Research | Total |
|--|-----------------------|-------|---------------------|---------|-------------------------|------------------------------|-------------------------|-------------------------|-------|
| USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| INCOME | | | | | | | | | |
| Grant Income (Grant received in advance) | - | - | 137 | 135 | 649 | 86 | - | 7 | 1,014 |
| Grant income (Deferred grant for fixed assets) | - | - | - | - | 1 | - | - | - | 1 |
| TOTAL INCOME | - | - | 137 | 135 | 650 | 86 | - | 7 | 1,015 |
| EXPENDITURE | | | | | | | | | |
| Salaries | 154 | 47 | 201 | 18 | 97 | 33 | - | 1 | 389 |
| Staff insurance | 1 | - | 1 | - | 3 | - | - | - | 4 |
| Medical Expenses | 12 | - | 12 | 1 | 4 | 1 | - | - | 19 |
| NASSIT Contribution | 5 | - | 5 | 1 | 3 | 1 | - | - | 11 |
| Staff Bonus | 4 | 2 | 6 | 1 | 2 | 1 | - | - | 11 |
| Severance allowance | 7 | - | 7 | 1 | 3 | 1 | - | - | 13 |
| Training, workshops and seminars | 2 | - | 2 | 59 | 175 | 5 | - | - | 241 |
| Occupancy Expenses | - | - | - | 1 | 24 | 3 | - | 3 | 31 |
| Audit fees | 4 | - | 4 | 1 | 3 | - | - | - | 8 |
| Stationery & Supplies | 6 | - | 6 | 10 | - | - | - | - | 16 |
| Loss on fixed asset write off | 17 | - | 17 | - | - | - | - | - | 17 |
| Maintenance and general expenses | 54 | (46) | 8 | 5 | 27 | 5 | - | - | 49 |
| Monitoring and Evaluation | - | 11 | 11 | - | - | - | - | - | 11 |
| Program supplies | 3 | 15 | 18 | - | 258 | 23 | - | - | 367 |
| Travel and transportation | 28 | 4 | 32 | 33 | 50 | 13 | - | 1 | 141 |
| HO logistic expenses | (8) | - | (8) | 7 | - | 9 | - | - | 8 |
| Depreciation | 19 | - | 19 | - | 1 | - | - | - | 20 |
| TOTAL EXPENSES | 308 | 33 | 341 | 138 | 650 | 86 | - | 5 | 1,356 |
| Net surplus/ (loss) | (308) | (33) | (341) | - | - | - | - | - | (341) |
| Foreign exchange (Loss)/gain- Unrealized | (16) | - | (16) | - | - | - | - | - | (16) |
| NET SURPLUS/(LOSS) FOR THE YEAR | (324) | (33) | (357) | - | - | - | - | - | (357) |

As at 31 December 2019

Note - 17 Project wise Financial position #REF!

| Country office | Research & Evaluation | Total | CRS Malaria Phase-3 | WFP-IVS | Novo Foundation-USA-ELA | Emergency Preparedness (EPP) | BRAC USA - ELA Research | ECOWAS | Total |
|------------------------------------|-----------------------|-------------|---------------------|----------|-------------------------|------------------------------|-------------------------|---------|-------------|
| SLL | SLL | SLL | SLL | SLL | SLL | SLL | SLL | 0 | SLL |
| 245,555 | 17,570 | 263,125 | 4,938 | - | 41,132 | 6,237 | - | - | 315,432 |
| ASSETS | | | | | | | | | |
| Non-current assets | | | | | | | | | |
| Property and equipment | - | - | - | - | - | - | - | - | - |
| Current assets | | | | | | | | | |
| Cash and Cash Equivalents | - | 1,294,677 | 99,602 | - | 42,512 | - | - | 694,688 | 2,131,479 |
| Receivable from Donors | - | - | - | 166,768 | 2,397,731 | 78,208 | - | 148,014 | 322,227 |
| Other receivables | (2,489,722) | 135,123 | 175,771 | (64,357) | 2,440,243 | (41,360) | 61,047 | 842,702 | 2,695,682 |
| (1,195,046) | 135,123 | (1,059,922) | 275,373 | 102,411 | 2,440,243 | 36,828 | 61,047 | 842,702 | 2,695,682 |
| (949,491) | 152,693 | (796,797) | 280,311 | 102,411 | 2,481,375 | 43,065 | 61,047 | 842,702 | 3,014,114 |
| LIABILITIES AND CAPITAL FUND | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Other payables | 910,150 | (7,692) | 77,674 | 61,346 | (6,877) | 68,223 | - | 2,776 | 1,105,600 |
| Related party payables | 3,781,703 | 971,643 | (232,389) | 41,065 | 1,502,394 | (31,885) | (448,827) | 54,191 | 5,637,895 |
| Total liabilities | 4,691,853 | 963,951 | (154,715) | 102,411 | 1,495,517 | 36,338 | (448,827) | 56,967 | 6,743,495 |
| Capital fund | | | | | | | | | |
| Donor funds received in advance | 189,701 | - | 430,088 | - | 952,380 | - | 509,874 | 785,735 | 2,867,779 |
| Deferred Grant for Fixed asset | 704,609 | - | 4,938 | - | 33,478 | 6,727 | - | - | 749,752 |
| Retained surplus | (6,535,654) | (811,258) | - | - | - | - | - | - | (7,346,912) |
| Total capital fund | (5,641,344) | (811,258) | 435,026 | - | 985,858 | 6,727 | 509,874 | 785,735 | (3,729,381) |
| Total liabilities and capital fund | (949,491) | 152,693 | (796,797) | 102,411 | 2,481,375 | 43,065 | 61,047 | 842,702 | 3,014,114 |

As at 31 December 2019

Note - 17 Project wise Financial position #REF!

| Country office | Research & Evaluation | Total | CRS Malaria Phase-3 | WFP-IVS | | Novo Foundation-USA-ELA | Emergency Preparedness (EPP) | | BRAC USA - ELA Research | BRAC USA - ELA Research | Total |
|------------------------------------|-----------------------|-------|---------------------|---------|-----|-------------------------|------------------------------|------|-------------------------|-------------------------|-------|
| | | | | USD | USD | | USD | USD | | | |
| 29 | 2 | 31 | 1 | - | - | 5 | 1 | - | - | - | 37 |
| ASSETS | | | | | | | | | | | |
| Non-current assets | | | | | | | | | | | |
| Property and equipment | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash and Bank | - | 153 | 12 | - | - | 5 | - | - | - | 82 | 252 |
| Receivable from Donors | - | - | - | 20 | 20 | - | 9 | - | - | - | 29 |
| Other receivables | (295) | (279) | 21 | (8) | (8) | 284 | (5) | 7 | 7 | 18 | 38 |
| | (141) | 16 | 33 | 12 | 12 | 289 | 4 | 7 | 7 | 100 | 319 |
| Total assets | (112) | 18 | 33 | 12 | 12 | 294 | 5 | 7 | 7 | 100 | 357 |
| LIABILITIES AND CAPITAL FUND | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Other payables | 108 | (1) | 9 | 7 | 7 | (1) | 8 | - | - | 0 | 131 |
| Due to related parties | 448 | 115 | (28) | 5 | 5 | 178 | (4) | (53) | 6 | 667 | |
| Total liabilities | 555 | 114 | (18) | 12 | 12 | 177 | 4 | (53) | 7 | 798 | |
| Capital fund | | | | | | | | | | | |
| Donor funds received in advance | 22 | - | 51 | - | - | 113 | - | 60 | 93 | 339 | |
| Deferred Grant for Fixed asset | 83 | - | 1 | - | - | 4 | 1 | - | - | 89 | |
| Retained surplus | (773) | (96) | - | - | - | - | - | - | - | (869) | |
| Total capital fund | (668) | (96) | 51 | - | - | 117 | 1 | 60 | 93 | (441) | |
| Total liabilities and capital fund | (112) | 18 | 33 | 12 | 12 | 294 | 5 | 7 | 100 | 357 | |

BRAC MICROFINANCE (SL) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

General Information

| | | | | |
|-------------------|---|--|---|-------------------|
| Directors | : | MR FARUQUE AHMED | - | Chairperson |
| | | MR. HANS ESKES | - | Director |
| | | MR SHAMERAN ABED | - | Director |
| | | MR RAKIBUL BARI KHAN | - | Managing Director |
| | | | | |
| Registered Office | : | 174 Wilkinson Road Freetown Sierra Leone | | |
| | | | | |
| Bankers | : | Standard Chartered Bank Rokel Commercial Bank Sierra Leone Limited Ecobank SL Ltd First International Bank Ltd Sierra Leone Com. Bank Ltd. United Bank of Africa Union Trust Bank Ltd. Yoni Community Bank Zenith Bank (SL) Ltd. | | |
| | | | | |
| Auditor | : | Baker Tilly SL Chartered Accountants Baker Tilly House 37 Siaka Stevens Street Freetown. | | |

Report of the Directors

The Directors have pleasure in submitting their report and financial statements on the affairs of the Company for the year ended 31 December 2018.

Principal activity

The Company is engaged in micro credit financing activities.

Directors’ responsibility statement

The Company’s Directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2018 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the Directors in accordance with note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

The Bank of Sierra Leone is required to prescribe a minimum capital adequacy ratio for financial institutions, but this is yet to be determined for micro financing institutions.

Results for the year

The Company made a profit of SLL 6.54 billion for the year ended 31 December 2018 (2017: profit of SLL 7.7 billion).

Directors and their interest

The names of the Directors are detailed on page 1. None of the Directors had any interest in the share capital of the Company and no Director has or had during the period, a material interest in any contract or arrangement of significance to which the Company was or is a party.

Property and equipment

Details of the Company’s property and equipment are shown in note 17 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee of group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the Company as at 31 December 2018.

Report of the Directors (continued)

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional wellbeing of its employees.

Therefore, the Company provides paid sick leave to all personnel.

Employee involvement and training

BRAC Microfinance (SL) Limited is committed to the smooth progression of its employees to meet current and future needs of the Company and career aspirations of employees. The Company has a career track to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the Company and its employees.

Training and development in BRAC Microfinance (SL) Limited is a continuous, formal process of improving individual performance and competency. Training serves as a vehicle for the transfer and development of requisite skills and aims at building up an empowered workforce. Annual training plans are developed to align with the Company strategy and design to support specific performance objectives for each year.

The Board Members

The following members served during the year:

Mr.Faruque Ahmed (Chair)

Mr.Shameran Abed

Mr. Hans Eskes (Appointed on 22nd June 2018)

Ms.Lamia Rashid (Resigned on 22nd June 2018)

Mr.Saif Md. Imran Siddique (Resigned on 12 September 2018)

Mr. Rakibul Bari Khan

Auditors


The Auditors have indicated their willingness for continued in office, and in accordance with Section 308 of the Sierra Leone Companies Act 2009, a resolution for the re-appointment of Baker Tilly SL as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The Board of Directors approved the financial statements on 28 March 2019.


Chairperson


Managing Director


Director


Director



Baker Tilly Sierra Leone
Baker Tilly house
37 Siaka Stevens Street
P.O Box 100
Freetown
Sierra Leone
Telephone: + (232) 30-444-100

Independent Auditor's Report to the
Board of Directors of BRAC Microfinance (SL) Limited

Opinion

We have audited the financial statements of BRAC Microfinance (SL) Limited which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 11 to 35.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Company as stated in note 3 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

A Member Firm of the Baker Tilly Worldwide Network of Independent Accounting Firms
Executive Chairman: Raymond M. Davies, Managing Partner L. Kawaley
Partners: Isiaka A. Balogun, Agnes N. Sawyerr

Independent Auditor's Report to the
Board of Directors of BRAC Microfinance (SL) Limited (continued)

Auditors' responsibility for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the
Board of Directors of BRAC Microfinance (SL) Limited (continued)

Auditors' responsibility for the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 of the financial statements, for the purpose of determining the financial position of BRAC Microfinance (SL) Limited for use by its management and BRAC International, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the management of BRAC Microfinance (SL) Limited and BRAC International and should not be distributed to or used by parties other than the management of BRAC Microfinance (SL) Limited and BRAC International.

The engagement partner on the audit resulting in this independent auditors' report is Derrick Kawaley.

Freetown

Baker Tilly
Chartered Accountants

Date: *28 March 2019*

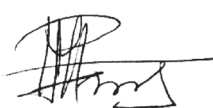
Statement of Financial Position

as at 31 December 2018

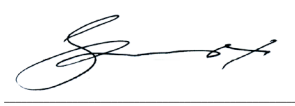
In thousands of Leones/ USD

| | Notes | 2018 | SLL 2017 | USD 2018 | 2017 |
|---|-------|-------------------|-------------------|--------------|--------------|
| Asset | | | | | |
| Cash and cash equivalents | 13 | 5,587,016 | 5,151,330 | 662 | 673 |
| Loans and advances to customers | 14 | 57,232,797 | 37,509,640 | 6,774 | 4,903 |
| Other assets | 15 | 656,460 | 1,025,271 | 77 | 134 |
| Current tax asset | 12(b) | - | 434,320 | - | 57 |
| Intangible assets | 16 | 302,211 | 388,829 | 36 | 51 |
| Property and equipment | 17 | 704,680 | 867,758 | 82 | 113 |
| Deferred tax asset | 12(c) | 1,647,430 | 3,206,444 | 195 | 419 |
| Total assets | | 66,130,594 | 48,583,592 | 7,826 | 6,350 |
| Liabilities | | | | | |
| Loan security fund | 18 | 10,044,890 | 6,686,855 | 1,189 | 874 |
| Related party payables | 19 | 8,355,174 | 7,357,128 | 990 | 961 |
| Borrowings | 20 | 2,018,008 | 1,387,853 | 239 | 181 |
| Other liabilities | 21 | 2,021,664 | 1,721,011 | 238 | 225 |
| Current tax liability | 12b | 504,939 | - | 59 | - |
| Total liabilities | | 22,944,675 | 17,152,847 | 2,715 | 2,241 |
| Capital fund | | | | | |
| Share capital | 23(a) | 12,244,890 | 12,244,890 | 1,449 | 1,601 |
| Share premium | 23(b) | 6,345,000 | 3,825,000 | 751 | 500 |
| Donor funds | 22 | 1,969,000 | 118,500 | 233 | 15 |
| Retained earnings | 24 | 2,302,922 | (4,963,252) | 273 | (649) |
| Donated equity | 25 | 20,324,107 | 20,205,607 | 2,405 | 2,642 |
| Total capital fund | | 43,185,919 | 31,430,745 | 5,111 | 4,109 |
| Total liabilities and capital fund | | 66,130,594 | 48,583,592 | 7,826 | 6,350 |

These financial statements were approved by the Board of Directors on 28 March 2019



Head of Finance



Director



Managing Director



Director

The notes on pages 72 to 96 are an integral part of these financial statements

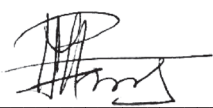
Statement of Comprehensive Income

For the year ended 31 December 2018

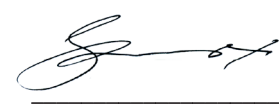
In thousands of Leones/ USD

| | Notes | 2018 | SLL 2017 | USD 2018 | 2017 |
|--|---------|---------------------|---------------------|----------------|----------------|
| Service charge on loans | 5 | 26,858,870 | 18,180,280 | 3,308 | 2,377 |
| Net income from service charge | | 26,858,870 | 18,180,280 | 3,308 | 2,377 |
| Membership and other fees | 6 | 1,330,082 | 870,222 | 164 | 114 |
| Other income | 7 | 8,187 | 322,931 | 1 | 42 |
| Grant income | 8 | - | 741,978 | - | 97 |
| Total operating income | | 28,197,139 | 20,115,411 | 3,473 | 2,630 |
| Net impairment loss on loans and advances to customers | 9 | (1,335,415) | (1,112,621) | (164) | (145) |
| Operating income after impairment charges | | 26,861,724 | 19,002,790 | 3,309 | 2,485 |
| Staff costs | 10 | (10,046,005) | (8,165,679) | (1,238) | (1,067) |
| Other operating expenses | 11 | (6,460,326) | (5,387,891) | (795) | (704) |
| Depreciation amortization | 16 & 17 | (329,365) | (194,082) | (41) | (25) |
| Total operating expenditure | | (16,835,696) | (13,747,652) | (2,074) | (1,796) |
| Profit before income tax | | 10,026,028 | 5,255,138 | 1,235 | 689 |
| Income tax credit/ (expense) | 12(a) | (3,007,013) | 2,622,165 | (370) | 343 |
| Net profit for the year | | 7,019,015 | 7,877,303 | 865 | 1,032 |
| Other comprehensive income: | | | | | |
| Unrealized exchange loss | | (482,167) | (171,672) | (59) | (25) |
| Total other comprehensive income | | (482,167) | (171,672) | (59) | (25) |
| Total comprehensive profit for the year | | 6,536,848 | 7,705,631 | 806 | 1,007 |

These financial statements were approved by the Board of Directors on 28 March 2019



Head of Finance



Director



Managing Director



Director

The notes on pages 72 to 96 are an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2018

| In thousands of Leones/ USD | Share capital | | Share premium | Donor funds | | Retained earnings | Donated equity | Total Capital fund | | Total capital fund |
|--|---------------|-----|---------------|-------------|-----|-------------------|----------------|--------------------|-----|--------------------|
| | SLL | USD | SLL | SLL | USD | SLL | SLL | SLL | USD | |
| At 1 January 2018 | 12,244,890 | | 3,825,000 | 118,500 | | (4,963,252) | 20,205,607 | 31,430,745 | | 4,109 |
| Recognition of additional impairment on loans & Advances to customers as at 31 Dec 2017 under IFRS 9 | - | | - | | | - | - | | | 86 |
| Donations received during the year | - | | - | 1,969,000 | | - | - | 1,969,000 | | 233 |
| Share premium | - | | 2,520,000 | - | | - | - | 2,520,000 | | 299 |
| Recognized as grant income during the year | - | | - | - | | - | - | - | | - |
| Profit for the year | - | | - | - | | 7,019,015 | - | 7,019,015 | | 864 |
| Unrealized exchange (loss) | - | | - | - | | (482,167) | - | (482,167) | | (59) |
| Transferred to donated equity | - | | - | (118,500) | | - | 118,500 | - | | - |
| Translation adjustment | - | | - | - | | - | - | - | | (421) |
| As at 31 December 2018 | 12,244,890 | | 6,345,000 | 1,969,000 | | 2,302,922 | 20,324,107 | 43,185,919 | | 5,111 |
| At 1 January 2017 | 12,244,890 | | - | 7,389,136 | | (12,668,883) | 13,074,644 | 20,039,787 | | 2,709 |
| Donations received during the year | - | | - | 602,305 | | - | - | 602,305 | | 79 |
| Share premium | - | | 3,825,000 | - | | - | - | 3,825,000 | | 500 |
| Recognized as grant income during the year | - | | - | (741,978) | | - | - | (741,978) | | (97) |
| Profit for the year | - | | - | - | | 7,877,303 | - | 7,877,303 | | 1,032 |
| Unrealized exchange (loss) | - | | - | - | | (171,672) | - | (171,672) | | (25) |
| Transferred to donated equity | - | | - | (7,130,963) | | - | 7,130,963 | - | | - |
| Translation adjustment | - | | - | - | | - | - | - | | (89) |
| As at 31 December 2017 | 12,244,890 | | 3,825,000 | 118,500 | | (4,963,252) | 20,205,607 | 31,430,745 | | 4,109 |

The notes on pages 72 to 96 are an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2018

| In thousands of Leones/ USD | | SLL | | USD | |
|--|----|---------------|--------------|----------|---------|
| | | 2018 | 2017 | 2018 | 2017 |
| Cash flow from operating activities | 26 | 11,930,614 | 6,928,885 | 1,366 | 880 |
| Loan disbursements | | (111,785,600) | (71,882,000) | (13,229) | (9,396) |
| Loan collection | | 91,893,151 | 59,193,047 | 10,875 | 7,738 |
| Net cash flow from operating | | (7,961,835) | (5,760,068) | (988) | (778) |
| Cash flow from investing activities | | | | | |
| Acquisition of property and equipment | | (171,002) | (972,344) | (20) | (127) |
| Write-off of property and equipment | | 91,333 | - | 11 | - |
| Net cash used in investing Activities | | (79,669) | (972,344) | (9) | (127) |
| Cash flow from financing activities | | | | | |
| Changes in borrowing | | 630,155 | (74,713) | 75 | (10) |
| Changes in loan security fund | | 3,358,035 | 2,158,860 | 397 | 282 |
| Loan security fund written off | | - | - | - | - |
| Changes in donor fund | | 1,850,500 | (7,270,637) | 219 | (951) |
| Increase in share premium | | 2,520,000 | 3,825,000 | 298 | 498 |
| Changes in donated equity | | 118,500 | 7,130,964 | 14 | 931 |
| Net cash from financing activities | | 8,477,190 | 5,769,474 | 1,003 | 750 |
| Net (decrease)/increase in cash and cash equivalents | | 435,686 | (962,938) | 6 | (155) |
| Cash and cash equivalents at 1 January | | 5,151,330 | 6,114,268 | 673 | 826 |
| Translation adjustment | | - | - | (17) | 2 |
| Cash and cash equivalents at end of the period/year | 13 | 5,587,016 | 5,151,330 | 662 | 673 |

The notes on pages 72 to 96 are an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans. It commenced full operation in June 2009. The address of its head office is 174 Wilkinson Road in Freetown.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with note 3 of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis using the accruals concept.

(c) Fundamental and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sierra Leones (SLL) and United States dollars (USD) which are the organisation's functional and presentation currencies.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 14.2: Impairment allowance for loan losses.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(b) Service charge on loan

Service charge on loan is recognised on an accrual basis. The recognition ceases when a loan is transferred to Non - Interest Bearing Loan (NIBL) as described in note 3(h). Service charge is recognised thereafter only when it is received.

(c) Other income

Other income comprises foreign exchange currency gain and bank interest. All realised foreign exchange gain and losses are recognized in the profit and loss for the year, whilst all unrealised foreign exchange gains and losses are shown as other comprehensive income, after arriving at the profit or loss for the year. Unrealised foreign exchange gains and losses are not included in the computation of the tax expense for the year.

(d) Fees and commission income

Membership fees and other charges are recognised on an accrual basis when the service has been provided.

(e) Administrative expenses

Administrative expenses comprise expenses relating to administrative staff and management, including office expenses, salaries and depreciation as well as other indirect costs.

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks and unpledged fixed deposits with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the balance sheet.

(g) Property and equipment (operating assets)

(i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Notes to the financial statements(continued)

3. Significant accounting policies (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | Rates | Useful life |
|------------------------|-------|-------------|
| Motor vehicles/Cycles | 20% | 5 years |
| Computer equipment | 20% | 5 years |
| Furniture and fittings | 10% | 10 years |
| Equipment | 15% | 6.7 years |

Assets residual value and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

(iv) Disposals

Gains or losses on the disposal or scrapping of property and equipment are determined as the difference between the sales price less the cost of dismantling selling and re-assembly of the assets and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or other expenses respectively.

(h) Intangible (operating assets)

Accounting software

Accounting Software is shown at historic cost. Software has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the licenses over their useful lives. The expected useful life of the Software is four years or 25%

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Changes in accounting policies resulting from adoption of IFRS9 have been applied retrospectively.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

| Retained earnings | SLL ('000) |
|---|------------|
| (ii) Recognition of expected credit losses under IFRS 9 | (729,326) |
| | ----- |
| Impact as at 1 January 2018 | (729,326) |
| | ===== |

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial assets and financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|------------------------------------|--|
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de recognition is recognized in profit or loss |
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in profit or loss |
| Debt investments at FVOCI | These assets are subsequently measured at fair value Interest income calculated using the effective interest method foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss |

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 January 2018.

| Financial assets | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 (SLL'000) | New carrying amount under IFRS 9 (SLL'000) |
|--------------------------------|--------------------------------------|---------------------------------|---|--|
| Cash and Bank | Loans and receivables | Amortized cost | 5,151,330 | 5,151,330 |
| | | | | |
| Loans and advance to customers | Loans and receivables | Amortized cost | 37,509,640 | 38,238,966 |
| Other assets | Loans and receivables | Amortized cost | 1,025,271 | 1,025,271 |
| Total financial assets | | | 43,686,241 | 44,422,967 |

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost. A decrease of Iberian dollar of 1,070,134 in the allowance for impairment over these loans and advances to customers was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model.

The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short term deposits and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
 - debt securities that are determined to have low credit risk at the reporting date; and
 - other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of financial assets have increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing loan fund security; or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

Credit-impaired financial assets

(i) Changes in significant accounting policies

1. IFRS 9 Financial Instruments

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. Financial assets are ‘credit-impaired’ when one or more events that have detrimental impacts on the estimated future cash flows of the financial assets have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans and advances to customers are presented in the statement of profit or loss under “Net movement in impairment losses on loans and advances”

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in an additional impairment allowance as follows;

| | SLL (‘000) |
|--|------------------|
| Loss allowance at 31 December 2017 under IAS 39 | 1,952,063 |
| Additional impairment recognized at 1 January 2018 on: | |
| Loans and advances to customers | (729,326) |
| Additional trade receivables recognized on adoption of IFRS 15 | - |
| Contract assets recognized on adoption of IFRS 15 | - |
| Debt securities | - |
| Cash and cash equivalents | - |
| | _____ |
| Loss allowance at 1 January 2018 under IFRS 9 | 1,222,737 |
| | ===== |

2. IFRS 15 Revenue from contracts with Customers

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effective from 1 January 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. the five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

Notes to the financial statements

3. Significant accounting policies (continued)

(j) Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Other Liability also includes Self Insurance Fund for local staffs of BRAC Microfinance (SL) Ltd. The Company sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute this self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months’ equivalent of basic salary in the first year of employment, up to 50 months’ equivalent of basic salary for 10th year of employment onwards.

(k) Loan security deposit

BRAC accepts 10% of the loan disbursed amount to customers as collateral. This amount is being refunded to customers when they retire or are terminated from membership. It is interest free.

(l) Inventories

Inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

(m) Employee benefit

(i) Pension obligations

The Company’s operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Company’s pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The Company’s has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements

3. Significant accounting policies (continued)

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Medical benefits

The Company provides medical cost reimbursement to all its staff. The maximum benefit availed by staff is USD 1,200/pa.

(n) Share capital

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it's recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax payable on profits, based on the applicable tax law in Sierra Leone is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Unrealised exchange gains and losses are shown as part of other comprehensive income and are not subject to tax

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilizes. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements(continued)

4. Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

(a) Credit risk

The Company's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

All clients depending on the type of loan makes cash collateral savings and this can also be used to offset outstanding loan amounts due. A ten percent savings is made for all loans.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Company's manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

(c) Market risks

Market risk is the risk that changes in market price, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its

holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Currency risk

Currency exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

Notes to the financial statements(continued)

5. Service charge on loans

In thousands of Leones / USD

| | SLL | | USD |
|----------------------------|------------|------------|-------|
| | 2018 | 2017 | 2018 |
| Group loans (Microfinance) | 15,196,273 | 10,642,358 | 1,871 |
| Small Enterprises program | 11,649,607 | 7,511,084 | 1,435 |
| ELA, Comic Relief & Petty | | | |
| Traders | 12,990 | 26,838 | 2 |
| | | | |
| | 26,858,870 | 18,180,280 | 3,308 |
| | ===== | ===== | ===== |

6. Membership and other fees

In thousands of Leones / USD

| | SLL | | USD |
|----------------------|-----------|---------|-------|
| | 2018 | 2017 | 2018 |
| Loan appraisal fee | 1,117,856 | 718,026 | 138 |
| Membership fee | 181,104 | 132,993 | 22 |
| Loan application fee | 31,122 | 19,203 | 4 |
| | | | |
| | 1,330,082 | 870,222 | 164 |
| | ===== | ===== | ===== |

7. Other Income

In thousands of Leones / USD

| | SLL | | USD |
|-----------------------------|-------|---------|-------|
| | 2018 | 2017 | 2018 |
| Gain due to early repayment | 2,455 | 305,101 | - |
| Other income | 5,732 | 17,830 | 1 |
| | | | |
| | 8,187 | 322,931 | 1 |
| | ===== | ===== | ===== |

8. Grant income

In thousands of Leones / USD

| | SLL | | USD |
|---|-------|---------|-------|
| | 2018 | 2017 | 2018 |
| Transferred to statement of income and expenses | - | 710,870 | - |
| Transferred from deferred grant (depreciation) | - | 31,108 | - |
| | | | |
| | - | 741,978 | - |
| | ===== | ===== | ===== |

9. Impairment losses on loans

In thousands of Leones / USD

| | SLL | | USD |
|------------------------------|-----------|-----------|-------|
| | 2018 | 2017 | 2018 |
| General Provision & specific | 1,335,415 | 1,112,621 | 164 |
| | | | |
| | 1,335,415 | 1,112,621 | 164 |
| | ===== | ===== | ===== |

Notes to the financial statements(continued)

10. Staff costs

In thousands of Leones / USD

| | SLL | | USD |
|-------------------------------------|------------|-----------|-------|
| | 2018 | 2017 | 2018 |
| Salaries and benefits | 8,741,786 | 6,726,896 | 1,077 |
| Bonus cost | 328,669 | 213,405 | 40 |
| Severance allowances Cost | 590,037 | 647,956 | 73 |
| NASSIT Cost | 276,334 | 203,861 | 34 |
| Insurance costs | 29,745 | 20,024 | 4 |
| Medical expenses | 79,434 | 24,638 | 10 |
| Salaries and benefits (Rockefeller) | - | 328,899 | - |
| | | | |
| | 10,046,005 | 8,165,679 | 1,238 |
| | ===== | ===== | ===== |

11. Other operating expenses

In thousands of Leones / USD

| | SLL | | USD |
|--|-----------|-----------|-------|
| | 2018 | 2017 | 2018 |
| Occupancy expenses (Note- 11.1) | 1,060,967 | 1,053,997 | 131 |
| Staff training and development | 227,771 | 51,047 | 28 |
| Travel and transportation | 1,766,734 | 1,439,194 | 218 |
| General expenses | 520,284 | 730,549 | 64 |
| Printing and office stationery | 387,330 | 505,161 | 48 |
| Legal and professional fees | 42,090 | 71,682 | 5 |
| Audit fees | 129,241 | 103,641 | 16 |
| Bank Charges | 405,258 | - | 50 |
| Internet expenses | 286,150 | - | 35 |
| Insurance claim | 58,800 | - | 7 |
| HO logistics and management expenses | 1,013,771 | 878,789 | 125 |
| Software cost (ERP) | 408,213 | 147,905 | 50 |
| Current account balance write off | 76,579 | - | 9 |
| Loss on fixed asset disposal | 77,138 | - | 9 |
| Internal capacity strengthening- Rockefeller | - | 239,724 | - |
| Mobile money scoping and pilot- Rockefeller | - | 128,437 | - |
| Research action | - | 37,765 | - |
| | | | |
| | 6,460,326 | 5,387,891 | 795 |
| | ===== | ===== | ===== |

Notes to the financial statements(continued)

11.1 Occupancy expenses

In thousands of Leones / USD

| | SLL | | USD | |
|-----------|-----------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Rent | 700,923 | 568,275 | 86 | 74 |
| Utilities | 360,043 | 485,722 | 45 | 64 |
| | | | | |
| | 1,060,966 | 1,053,997 | 131 | 138 |
| | ===== | ===== | ===== | ===== |

12. Taxation

12(a) Tax expense

Recognised in the income statement

In thousands of Leones/USD

| | SLL | | USD | |
|---------------------|-----------|-------------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Income tax expense | 1,447,999 | 584,279 | 178 | 76 |
| Deferred tax credit | 1,559,014 | (3,206,444) | 192 | (419) |
| | | | | |
| | 3,007,013 | (2,622,165) | 370 | (343) |
| | ===== | ===== | ===== | ===== |

12(b) Income tax account

In thousands of Leones/USD

| | SLL | | USD | |
|-------------------------------|-------------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 434,320 | (25,556) | 57 | (4) |
| Corporation tax charge | (1,447,999) | (584,279) | (178) | (76) |
| Payment during the year | 508,740 | 1,044,155 | 60 | 136 |
| Translation difference | - | - | 2 | - |
| | | | | |
| Current tax (liability) asset | (504,939) | 434,320 | (59) | 57 |
| | ===== | ===== | ===== | ===== |

Reconciliation of effective tax rate

| | | | | |
|-------------------------------------|------------|-------------|-------|-------|
| Profit before income tax | 10,026,029 | 5,255,138 | 1,235 | 687 |
| | | | | |
| Income tax on profit before tax | 3,007,808 | 1,576,542 | 370 | 206 |
| Tax impact of permanent difference: | | | | |
| Tax incentives | (796) | (7,550) | - | (1) |
| Deferred tax asset recognised | - | (4,191,157) | - | (548) |
| | | | | |
| | 3,007,012 | (2,622,165) | 370 | (343) |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements(continued)

12. Taxation

12(c) Deferred tax asset and liabilities (continued)
Recognised deferred tax asset and liabilities

| | 2018 | | | 2017 | | |
|--------------------|-------------|-----------|-------------|-------------|-----------|-------------|
| | Asset | Liability | Net | Asset | Liability | Net |
| In thousands of | | | | | | |
| Leones | | | | | | |
| Property and | | | | | | |
| equipment | - | 8,891 | 8,891 | - | 56,518 | 56,518 |
| Impairment | | | | | | |
| allowance | 5,216 | - | 5,216 | (153,426) | - | (153,426) |
| Tax loss Carried | | | | | | |
| /forward | (1,661,537) | - | (1,661,537) | (3,109,536) | - | (3,109,536) |
| Unrealised | | | | | | |
| exchange Loss | - | - | - | - | - | - |
| Deferred tax asset | | | | | | |
| not recognised | - | - | - | - | - | - |
| | | | | | | |
| | (1,656,321) | 8,891 | (1,647,430) | (3,262,962) | 56,518 | (3,206,444) |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Movement in temporary differences during the year - 2018

| | Opening balance | Recognised in profit and loss | Recognised in equity | Closing balance |
|-----------------------------------|-----------------|-------------------------------|----------------------|-----------------|
| In thousands of Leones | | | | |
| Property and equipment | 56,518 | (47,627) | - | 8,891 |
| Impairment allowance | (153,426) | 158,642 | - | 5,216 |
| Tax loss carried forward | (3,109,536) | 1,447,999 | - | (1,661,537) |
| Unrealised exchange loss | - | - | - | - |
| Deferred tax asset not recognised | - | - | - | - |
| | | | | |
| | (3,206,444) | 1,559,014 | - | (1,647,430) |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

12. Taxation (continued)

12(c) Deferred tax asset and liabilities(continued)

Recognised deferred tax asset and liabilities(continued)

Movement in temporary differences during the year – 2017

| | Opening balance | Recognised in profit and loss | Recognised in equity | Closing balance |
|--------------------------------------|--------------------|----------------------------------|-------------------------|--------------------|
| In thousands of Leone/USD | | | | |
| Property plant and equipment | 16,033 | 40,485 | - | 56,518 |
| Impairment allowance | (147,530) | (5,896) | - | (153,426) |
| Tax loss carried forward | (3,693,815) | 584,279 | - | (3,109,536) |
| Unrealised exchange loss | (365,845) | 365,845 | - | - |
| Deferred tax asset not recognised | 4,191,157 | (4,191,157) | - | - |
| | <u>-</u> | <u>(3,206,444)</u> | <u>-</u> | <u>(3,206,444)</u> |
| | ===== | ===== | ===== | ===== |

13. Cash and cash equivalents In thousands of Leones/USD

| | SLL | | USD | |
|--------------|------|------------------|------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash at bank | 13.1 | 5,378,432 | 4,977,509 | 637 |
| Cash in hand | | 208,584 | 173,821 | 25 |
| | | <u>5,587,016</u> | <u>5,151,330</u> | <u>662</u> |
| | | ===== | ===== | ===== |

Notes to the financial statements (continued)

13. Cash and cash equivalents (continued)

13.1 Cash at bank

| In thousands of Leones/USD | SLL | | USD | |
|--------------------------------------|------------------|------------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Community bank | - | 76,173 | - | 10 |
| First International Bank (SI) Ltd | 2,527,745 | 3,589,685 | 299 | 338 |
| Rokel Commercial Bank SI Ltd | 327,859 | 43,049 | 39 | 6 |
| Guaranty Trust Bank SL Ltd | - | 37,926 | - | 5 |
| Union Trust Bank LTD. | 570,960 | 307,352 | 68 | 40 |
| Yoni Community Bank | 100,317 | 137,423 | 12 | 18 |
| Zenith Bank (SL) Ltd | 139,163 | 93,095 | 16 | 12 |
| Standard Chartered Bank (SL) Ltd USD | 287,755 | 676,203 | 34 | 219 |
| Standard Chartered Bank (SL) Ltd | 1,334,324 | 16,603 | 158 | 2 |
| Marampa Masimera Community Bank | 90,309 | - | 11 | - |
| | <u>5,378,432</u> | <u>4,977,509</u> | <u>637</u> | <u>650</u> |
| | ===== | ===== | ===== | ===== |

14. Loans and advances to customers

| In thousands of Leones/USD | SLL | | USD | |
|--|-------------------|-------------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Group loans | 29,752,337 | 20,014,267 | 3,521 | 2,616 |
| Small enterprises program | 28,600,740 | 19,024,577 | 3,385 | 2,487 |
| ELA loans | 8,234 | 19,643 | 1 | 3 |
| Petty traders | - | 373,776 | - | 49 |
| Comic relief | 35,212 | 46,895 | 4 | 6 |
| Loan written off (P) | (1,017,575) | (975,084) | (120) | (128) |
| Interest receivable | 1,394,425 | 1,075,511 | 165 | 141 |
| Interest receivable written off | (117,319) | (117,882) | (14) | (16) |
| Impairment loss on loans and advances | (1,423,257) | (1,952,063) | (168) | (255) |
| | <u>57,232,797</u> | <u>37,509,640</u> | <u>6,774</u> | <u>4,903</u> |
| | ===== | ===== | ===== | ===== |

Loans and advances to customers are carried at amortized cost. It is estimated that the fair values of loan and advances to customers are approximately the same as the carrying values. All loans and advances to customers are unsecured.

Loans within the maturity period are considered “Current Loans”, Loans which remains outstanding after the expiry of their maturity period are considered as “Late Loans”. Late loans which remain unpaid after one year being classified are considered as “Non-Interest-bearing loans” (NIBL) and are referred to the Board for write off. Apart from that any loans can be written off subject to the approval of the board where the board thinks that it is not realizable due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers. Subsequent recoveries are credited as income in the statement of comprehensive income.

Notes to the financial statements (continued)

14. Loan and advance to customers (continued)

14.1 Movement on the loan account

| In thousands of Leones / USD | SLL | | USD | |
|----------------------------------|--------------|--------------|----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 38,504,074 | 26,790,205 | 5,033 | 3,502 |
| Loans disbursed | 111,785,600 | 71,882,000 | 13,229 | 9,396 |
| Loans repayments(P) | (91,893,151) | (59,193,047) | (10,875) | (7,738) |
| Translation difference | - | - | (477) | - |
| | | | | |
| Gross loans to customers | 58,396,523 | 39,479,158 | 6,910 | 5,159 |
| Principal -written off | (1,017,575) | (975,084) | (120) | (127) |
| Interest receivable | 1,394,425 | 1,075,511 | 165 | 141 |
| Interest receivable: written off | (117,320) | (117,882) | (14) | (15) |
| Impairment loss on loans advance | (1,423,256) | (1,952,063) | (168) | (255) |
| | 57,232,797 | 37,509,640 | 6,773 | 4,903 |
| | ===== | ===== | ===== | ===== |

14.2 Movement on the impairment on loans

| In thousands of Leones / USD | SLL | | USD | |
|-----------------------------------|-------------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 1,952,063 | 1,932,408 | 255 | 254 |
| Changes in opening balance due to | | | | |
| IFRS 9 adoption | (729,326) | - | (86) | - |
| Charge for the year | 1,335,415 | 1,112,621 | 164 | 145 |
| Loan written off | (1,017,575) | (975,084) | (120) | (127) |
| Interest receivable written off | (117,320) | (117,882) | (14) | (15) |
| Translation difference | - | - | (31) | 2 |
| | | | | |
| Closing balance | 1,423,257 | 1,952,063 | 168 | 255 |
| | ===== | ===== | ===== | ===== |

The Company has adopted IFRS 9 financial instruments. The impairment on loans was computed in accordance with IFRS 9. See 3(i) for details.

15. Other assets

| In thousands of Leones / USD | SLL | | USD | |
|------------------------------|---------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Advance to third party | 366,472 | 286,354 | 43 | 37 |
| Receivable from BRAC SL | 99,329 | 507,181 | 12 | 66 |
| Others receivables | 94,050 | 97,479 | 11 | 13 |
| Inventory - Passbook | 96,609 | 57,678 | 11 | 8 |
| Current Account in Transit | - | 76,579 | - | 10 |
| | | | | |
| | 656,460 | 1,025,271 | 77 | 134 |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

16. Intangible assets

| In thousands of Leones / USD | SLL | | USD | |
|---|----------------|----------------|-----------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Cost software development and purchase (ERP) | | | | |
| At 1 January | 434,042 | - | 57 | - |
| Additions during the year | 33,898 | 434,042 | 4 | 57 |
| Translation difference | - | - | (6) | - |
| | | | | |
| Total At 31 December 2018 | 467,940 | 434,042 | 55 | 57 |
| | ===== | ===== | ===== | ===== |
| Accumulated amortisation : | | | | |
| At 1 January | 45,213 | - | 6 | - |
| Amortisation (25%) charge for the year | 120,516 | 45,213 | 14 | 6 |
| Translation difference | - | - | (1) | - |
| | | | | |
| Total Accumulated amortisation | 165,729 | 45,213 | 19 | 6 |
| | ===== | ===== | ===== | ===== |
| Net book value | 302,211 | 388,829 | 36 | 51 |
| | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

17. Property and equipment

| | Motor Vehicles | Furniture | Equipment | Total | Total |
|-------------------------------------|-------------------|----------------|----------------|------------------|------------|
| In thousands of Leones / USD | SLL | SLL | SLL | SLL | USD |
| Cost | | | | | |
| At 1 January 2018 | 544,926 | 604,376 | 767,778 | 1,917,081 | 250 |
| Additions | - | 84,036 | 53,068 | 137,104 | 16 |
| Disposals | (128,135) | (193,262) | (343,850) | (665,247) | (79) |
| Translation difference | - | - | - | - | (24) |
| At 31 December 2018 | 416,791 | 495,150 | 476,996 | 1,388,938 | 163 |
| | ===== | ===== | ===== | ===== | ===== |
| At 1 January 2017 | 169,965 | 569,466 | 639,348 | 1,378,779 | 186 |
| Additions | 374,961 | 34,910 | 128,431 | 538,302 | 70 |
| Adjustment | - | - | - | - | - |
| Translation difference | - | - | - | - | (6) |
| | ===== | ===== | ===== | ===== | ===== |
| At 31 December 2017 | 544,926 | 604,376 | 767,779 | 1,917,081 | 250 |
| | ===== | ===== | ===== | ===== | ===== |
| Accumulated depreciation | | | | | |
| At 1 January 2018 | 181,424 | 361,760 | 506,140 | 1,049,323 | 137 |
| Charge for the year | 76,032 | 53,032 | 79,786 | 208,849 | 26 |
| Disposals | (128,135) | (134,377) | (311,402) | (573,914) | (68) |
| Translation difference | - | - | - | - | (14) |
| At 31 December 2018 | 129,321 | 280,415 | 274,524 | 684,258 | 81 |
| | ===== | ===== | ===== | ===== | ===== |
| At 1 January 2017 | 167,126 | 303,716 | 429,612 | 900,454 | 122 |
| Charge for the year | 14,298 | 58,044 | 76,528 | 148,869 | 19 |
| Translation difference | - | - | - | - | (4) |
| At 31 December 2017 | 181,424 | 361,760 | 506,140 | 1,049,323 | 137 |
| | ===== | ===== | ===== | ===== | ===== |
| Net book value: | | | | | |
| At 31 December 2018 | 287,470 | 214,735 | 202,472 | 704,680 | 82 |
| | ===== | ===== | ===== | ===== | ===== |
| At 31 December 2017 | 363,502 | 242,616 | 261,639 | 867,758 | 113 |
| | ===== | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

18. Loan security fund

| In thousands of Leones / USD | SLL | | USD | |
|------------------------------------|-------------|-------------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 6,686,855 | 4,527,995 | 874 | 612 |
| Received during the year | 6,411,920 | 3,864,080 | 759 | 505 |
| Paid off /adjusted during the year | (3,053,885) | (1,705,220) | (361) | (223) |
| Translation difference | - | - | (83) | (20) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 10,044,890 | 6,686,855 | 1,189 | 874 |
| | ===== | ===== | ===== | ===== |

The loan security fund acts as collateral for the customers' loan obligations to BRAC Microfinance (SL) Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.

19. Related party payables

| In thousands of Leones / USD | SLL | USD | | |
|-------------------------------|-----------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Payable to Stichting BRAC | | | | |
| International | 1,416,298 | 1,427,638 | 168 | 187 |
| Payable to BRAC IT Services | | | | |
| Limited | 261,882 | 453,905 | 31 | 59 |
| Payable to BRAC Bangladesh | 4,753,175 | 4,325,735 | 563 | 565 |
| Payable to BRAC International | | | | |
| Holdings B.V | 1,923,819 | 1,149,850 | 228 | 150 |
| | | | | |
| | 8,355,174 | 7,357,128 | 990 | 961 |
| | ===== | ===== | ===== | ===== |

20. Borrowings

20.01 Borrowings from KIVA (at 0% interest)

| In thousands of Leones / USD | SLL | USD | | |
|------------------------------|-----------|-----------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Opening balance | 1,387,853 | 1,462,566 | 181 | 198 |
| Received during the year | 1,070,041 | 441,601 | 127 | 58 |
| Paid during the year | (439,886) | (564,289) | (52) | (75) |
| Foreign exchange adjustment | - | 47,975 | (17) | - |
| | | | | |
| | 2,018,008 | 1,387,853 | 239 | 181 |
| | ===== | ===== | ===== | ===== |

BRAC Microfinance (SL) Limited receives loan from KIVA @ 0%. These are loans received from individual lenders through KIVA website only for group lending facilities. These short-term loans are to be repaid as per the collection status from borrowers which is normally within one year.

Notes to the financial statements (continued)

20.02 Loan Classification

| | SLL | USD |
|-----------------------------|-----------|-----------|
| In thousands of Leones | 2018 | 2017 |
| Loans repayable in one year | 2,018,008 | 1,387,853 |
| year | - | - |
| Total | 2,018,008 | 1,387,853 |
| | ===== | ===== |

21. Other liabilities

| In thousands of Leones / USD | SLL | USD |
|-------------------------------|-----------|-----------|
| | 2018 | 2017 |
| Accrued expenses | 45,933 | 270,066 |
| Provision for audit fees | 111,751 | 101,363 |
| Salary provision | 218,244 | 93,483 |
| Self-insurance fund | 28,474 | 30,196 |
| Bonus provision | - | 16,805 |
| Severance allowance provision | 1,537,559 | 1,146,860 |
| Nassit provision | 412 | 2,691 |
| Withholdings tax | 79,291 | 59,547 |
| | 2,021,664 | 1,721,011 |
| | ===== | ===== |

22. Donor funds

| In thousands of Leones / USD | SLL | USD |
|--|-----------|-----------|
| | 2018 | 2017 |
| Donor funds received in advance | - | - |
| Donor funds investment in fixed assets | - | - |
| Transferred to donated equity | - | 127,643 |
| Donor funds investment in : | | |
| Revolving loan fund – Restless | | |
| Development | - | (127,643) |
| Loan to group members | 1,969,000 | 118,500 |
| | 1,969,000 | 233 |
| | ===== | ===== |

Notes to the financial statements (continued)

22. Donor funds (continued)

22.1 Donor funds received in advance

| In thousands of Leones / USD | SLL | USD |
|--|-------------|-----------|
| | 2018 | 2017 |
| Opening balance | - | 582,415 |
| Add: Donations received during the year | 1,969,000 | 602,305 |
| Transferred to statement of income and expenses | - | (710,870) |
| Transferred to deferred income - investment in fixed asset | - | (44,950) |
| Donor funds investment in loans to group members | (1,969,000) | (428,900) |
| | - | - |
| | ===== | ===== |

22.1.1 Donations received during the year

| In thousands of Leones / USD | SLL | USD |
|-----------------------------------|-----------|---------|
| | 2018 | 2017 |
| Rockefeller foundation | - | 533,405 |
| World Vision Petty Traders | - | - |
| BRAC USA(Whole Planet Foundation) | 1,922,500 | - |
| Comic Relief | - | 68,900 |
| ELA(Novo foundation) | 46,500 | - |
| | 1,969,000 | 602,305 |
| | ===== | ===== |

The grants from the above donors were received for the enhancement of the Microfinance program. The grants had been provided on the basis of the Company fulfilling certain conditions, failing to comply with which, part or all of the money may have to be refunded to the donor.

Deferred income – fixed assets 22.2

| In thousands of Leones / USD | SLL | USD |
|--------------------------------------|-------|-----------|
| | 2018 | 2017 |
| Opening balance | - | 115,640 |
| Transferred from donor funds | - | 44,950 |
| Depreciation charged during the year | - | (31,108) |
| Transferred to donated equity | - | (129,482) |
| | - | - |
| | ===== | ===== |

Notes to the financial statements (continued)

| 22.3 Donor funds investment in loans to group members | | SLL | | USD | |
|---|--|------------|-------------|-------|-------|
| In thousands of Leones / USD | | 2018 | 2017 | 2018 | 2017 |
| | Opening balance | 118,500 | 6,563,438 | 14 | 858 |
| | Investment in loans to group members during the year | 1,969,000 | 428,900 | 233 | 56 |
| | Transferred to Donated Equity | (118,500) | (6,873,838) | (14) | (899) |
| | | 1,969,000 | 118,500 | 233 | 15 |
| 23. | Capital | ===== | ===== | ===== | ===== |
| 23(a) | Share capital | | | | |
| | Name and percentage of holdings | | | | |
| | In thousands of Leones / USD | 2018 | 2017 | 2018 | 2017 |
| | BRAC International Holdings B.V (100%) | 12,244,890 | 12,244,890 | 1,449 | 1,601 |
| | | 12,244,890 | 12,244,890 | 1,449 | 1,601 |
| | | ===== | ===== | ===== | ===== |
| 23(b) | Share premium | | | | |
| | In thousands of Leones / USD | 2018 | 2017 | 2018 | 2017 |
| | BRAC International Holdings B.V | 6,345,000 | 3,825,000 | 751 | 500 |
| | | 6,345,000 | 3,825,000 | 751 | 500 |
| | | ===== | ===== | ===== | ===== |

During 2017 and 2018, the board of BRAC International holdings B.V. approved additional investment as share premium for the Company's operation.

Notes to the financial statements(continued)

| 24. Retained earnings | | SLL | | USD | |
|--|-------------|--------------|-------|---------|-------|
| In thousands of Leones / USD | | 2018 | 2017 | 2018 | 2017 |
| Opening balance | (4,963,252) | (12,668,883) | (649) | (1,712) | |
| Recognition of additional impairment on loans & Advances to customers as at 31 Dec 2017 under IFRS 9 | 729,326 | - | 86 | - | |
| Profit for the year | 6,536,848 | 7,705,631 | 806 | 1,007 | |
| Translation adjustment | - | - | 30 | 56 | |
| | 2,302,922 | (4,963,252) | 273 | (649) | |
| | ===== | ===== | ===== | ===== | ===== |
| 25 Donated equity | | SLL | | USD | |
| In thousands of Leones / USD | | 2018 | | 2017 | |
| Opening balance | 20,205,607 | 13,074,644 | 2,642 | 1,767 | |
| Received during the year | - | - | - | - | |
| Transferred from Donor Fund | 118,500 | 7,130,963 | 14 | 932 | |
| Translation adjustment | - | - | (251) | (57) | |
| | 20,324,107 | 20,205,607 | 2,405 | 2,642 | |
| | ===== | ===== | ===== | ===== | ===== |
| 26 Cash generated from operation | | SLL | | USD | |
| In thousands of Leones / USD | | 2018 | | 2017 | |
| Profit/(Loss) for the year | 6,536,848 | 7,705,631 | 806 | 1,007 | |
| Depreciation | 329,365 | 194,082 | 41 | 25 | |
| Loan loss provision | 1,335,415 | 1,112,621 | 164 | 145 | |
| Tax credit / (expense) | 3,007,013 | (2,622,165) | 370 | (343) | |
| | | | | | |
| Cash flow before changes in working capital | 11,208,641 | 6,390,169 | 1,381 | 834 | |
| Income tax paid | (508,741) | (1,044,154) | (60) | (136) | |
| Changes in working capital | | | | | |
| Decrease/(increase) of receivables and other current assets | 368,810 | 703,066 | 56 | 92 | |
| Decrease/(increase) of Interest receivables | (436,796) | (684,277) | (52) | (89) | |
| Increase/(decrease) of current Liabilities | 300,653 | 486,423 | 14 | 64 | |
| Increase/(decrease) of related party payables | 998,047 | 1,077,658 | 27 | 115 | |
| | | | | | |
| Net cash from operations | 11,930,614 | 6,928,885 | 1,366 | 880 | |
| | ===== | ===== | ===== | ===== | ===== |

Notes to the financial statements (continued)

26 Cash generated from operations (continued)

| Exchange rate used for the period: | 2018 | 2017 |
|---|--------------|----------|
| Average rate: 1USD= SLL | 8,120 | 7,586.67 |
| Closing rate: 1UDS =SLL | 8,450 | 7,650.00 |

27. Contingencies

There were no contingent assets or liabilities at 31 December 2018 (2017: Nil).

28. Capital commitments

There were no capital commitments as at 31 December 2018 (2017: Nil).

29. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.

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